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Talent Acquisition and Strategic Workforce Planning

A Powerful Partnership

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With ongoing labor shortages and ever-evolving views of work, organizations must be strategic about recruiting and managing their workers. Talent acquisition (TA) is the HR function responsible for finding and hiring new workers, while strategic workforce planning (SWP) is the process that identifies the right mix of talent needed to achieve future organizational goals. While TA professionals have much to contribute to this process, surprisingly, they are not always included. It's essential that TA play an active role in SWP so organizations can reap the benefits of this powerful partnership.

Trusted Insights for What's Ahead™

- **TA has extensive knowledge of the labor market that can greatly benefit the SWP process**. By more closely integrating these functions, organizations will better achieve the talent goals required to fulfill their business strategies.
- **A range of approaches can be effective in integrating TA and SWP**. Depending on the current state of both functions, approaches can range from simply providing TA with access to SWP data, to fostering collaboration, to making structural changes, to having TA own and drive the SWP process.
- **To boost SWP and TA efforts, take advantage of the many available data sources and tools**. A host of internal and external data sources are available to inform both functions, and the sharing of data between these functions can improve them both.
- **Apply TA strategies to improve SWP outcomes**. Two strategies in particular demonstrate how powerfully TA can contribute to SWP. The hiring funnel tool depicts the yields achieved by every step in the hiring process, and the role prioritization tool identifies high-impact roles.
- **CHROs play a critical role in helping their organizations reap the benefits of the TA/SWP partnership**. Their role includes removing barriers to the structural integration of HC analytics, SWP, and TA functions and aligning them under common leadership; directing the TA and SWP teams to share internal and external data sources; and establishing and implementing a change management plan to increase potential for success.

TA Has Extensive Knowledge of the Labor Market That Can Greatly Benefit the SWP Process

In the summer of 2023, we conducted four working group sessions comprising Human Capital Center Members, four knowledge partners, and multiple subject matter experts to explore the role of TA in SWP. (For more information, see Methodology on page 13.)

During the first session, we polled 52 participants, most of whom are in TA or talent management roles, about the state of SWP at their organization and their involvement in it. The results illustrate a huge missed opportunity for organizations:

- 21% of respondents indicate “we have no real SWP at our organization today”
- 26% indicate they have “limited or no involvement in SWP”
- Asked to rate their organizations’ workforce planning capabilities on a scale of 1-5, with 5 being the best, 58% rate their organization a 1 or a 2, while none rate their organization a 5.
- Only a minority of respondents are actively involved in SWP, with 29% indicating they contribute and provide insights and data for the SWP process and 26% indicating they use SWP output to develop actionable talent strategies.

By not conducting SWP, many organizations are flying blind, unable to accurately estimate the numbers and types of workers they need. By not involving TA in the SWP process, they are missing a tremendously valuable source of data and insight. And by not applying SWP methods to the staffing of TA itself, they are limiting its effectiveness.

TA leaders and teams have much to add to the SWP process. They have access to both analytic and anecdotal data about the talent marketplace from their regular interactions with prospects and candidates. The insights they gain from having a finger on the pulse of the talent marketplace are extremely valuable to the SWP process.

Furthermore, TA leaders cannot truly be effective at devising and executing strategies to achieve organizational hiring goals without effective SWP. By involving TA leaders in the holistic process of SWP at all stages, rather than treating them as order takers and passive recipients of SWP outcomes, organizations can better achieve the talent goals required to fulfill their business strategies.

As illustrated in Figure 1, TA plays a critical role in organizational success by identifying and acquiring the right talent at the right time.

Figure 1

TA identifies and acquires the workers necessary for organizational success

Source: eightfold.ai, 2023

> » *We had to explain why treating us as "order takers" wasn't good for the business or for us. If you don't get defensive about it, you will have more success.*
>
> HC Leader, TA Working Group

A Range of Approaches Can Be Effective in Integrating TA and SWP

Human capital (HC) leaders can take many approaches to involving TA in SWP, and these approaches can evolve over time. The best approach for any one organization depends on the current state of the TA and SWP functions, and where the organization is on the SWP maturity model (Figure 2). The following approaches represent a continuum of both ease of implementation and potential benefits:

- **Provide TA with access to SWP data**. This is the simplest approach to implement, and it can take the form of TA professionals simply asking for existing data from other functions that may capture and analyze it, including HR analytics and human resources information systems (HRIS). This is a good starting point for organizations with no history of TA involvement in SWP. Yet this approach does not fully capitalize on the contribution that TA can make to providing data and insights to inform the SWP process.

- **Encourage and foster collaboration between TA and SWP**. TA professionals can be catalysts for collaboration by offering to contribute data to the process and volunteering to participate. Collaboration can take the form of a cross-functional SWP task force involving professionals from TA, HR analytics, HRIS, succession planning, internal mobility, and the HR Business Partner community. This holistic approach can yield considerable synergies and may serve as a stepping stone to more structural integration over time.
- **Make structural changes to better integrate TA and SWP**. For organizations currently undertaking HR transformation initiatives, this may be a time to consider structural integration of the TA and SWP functions so that TA and SWP can easily and fluidly contribute to and benefit from one another's work, all performed under the same leadership.
- **Charge TA with leading the end-to-end SWP function**. This approach may be most easily implemented at organizations that do not yet have an SWP function. By tasking TA with building out and leading an SWP function, leaders ensure that TA can draw upon sources of data and insight across the organization to identify gaps in talent and guide the action that should be taken to fill them.

Figure 2

Organizations can assess their maturity in terms of SWP and then take steps to advance

Immature	*Progressing*	*Progressive*
HEADCOUNT PLANNING	**STRATEGIC WORKFORCE PREDICTION**	**AGILE WORKFORCE PLANNING**
Limited advanced view of resourcing requirement. Requirement is dictated to TA, often by HRD. Typically relates to headcount turnover.	Future talent gaps are predicted and plans are in place to buy or build internally. TA are integrated into the process. The organisation adjusts its approach to how, where and when employees work as a result of their workforce plan. Internal mobility and learning programmes are aligned to SWP's.	TA data informs the process. The organisation redeploys tasks across the organisation to create resilience. Ta experiments with innovative sourcing models. To organisation anticipates near term shifts in critical work by evaluating workflows (adopts a Supply Chain approach).

Source: Visier, 2023

Regardless of what approach leaders take or who owns the SWP process, they should ensure that TA is involved in the process.

> » *We started small, by having our HR Business Partners share information across business units using a simple spreadsheet tool.*
>
> HC Leader, TA Working Group

» *Our TA leader participates in our corporate leads meeting, allowing them to be aware of upcoming business changes that may affect TA.*

HC Leader, TA Working Group

Importance of Internal Talent Mobility

Internal talent mobility, the movement of employees within an organization, can greatly help fill critical roles, while also providing career paths for current employees that will lead to greater retention and engagement. Nevertheless, most organizations expect TA to focus exclusively on the external talent market. By building a robust internal mobility program *and* enabling TA to look inward when sourcing candidates for critical roles, organizations can potentially meet their talent goals much more easily and quickly.

However, many leaders hoard their talent. Instead, it's essential to create a culture that encourages and supports internal talent mobility. Such a cultural transformation requires rewarding leaders for facilitating the movement of their employees; developing a cross-functional integrated talent mobility program; and implementing an internal talent marketplace.[1]

To Boost SWP and TA Efforts, Take Advantage of the Many Available Data Sources and Tools

During our second working group session on this topic, only 6 of 24 respondents polled indicated they have access to most of the data they need to create effective workforce plans; however, a majority (17 of 24) indicated they face challenges when attempting to access these insights and data. Several participants remarked that they find it easier to access external data than to access internal data. These poll results are concerning since access to accurate internal and external data as well as the ability to translate that data into meaningful and actionable insights is critical to effectively perform SWP.

Fortunately, an array of accurate data sources is now available containing not only raw market data but also modern emerging tools that develop insights from the vast amount of labor market data. While the raw data sources can be found at low or no cost, for modest expenditure, progressive TA leaders can access a new class of data referred to as labor market intelligence (LMI). Sources of LMI used by session participants include Horsefly Analytics, Burning Glass Institute, and Hire EZ insights (see Figure 3). There are free government sources of LMI such as the Bureau of Labor Statistics and whitehouse.gov, and LMI data sources from The Conference Board include *The Conference Board Employment Trends Index*™, *The Conference Board Help Wanted OnLine*®, and the *Job Loss Risk Index*.

Figure 3

Array of emerging LMI tools that both TA and SWP can use

Source: Talent Tech Labs, 2023

An effective SWP program requires some data that are bought, some borrowed, and some built. It should include the following types of data:

- **Labor market intelligence**, tools that collect and organize publicly available data and then apply analytics and artificial intelligence to make it more actionable. The output provides insights about the overall labor market and includes a wide range of intelligence, such as supply and demand by skill type within geographies, educational attainment, pay by occupation, carbon footprint by city, demographic data, and cost-of-living data. LMI platforms aggregate the data, analyze them, and provide deeper insights to make them actionable so TA teams can contribute to SWP efforts.
- **Internal data about your current workforce**, including head count and workforce demographics, annualized monthly attrition, bench strength, quality of hire, career path ratio, tenure and tenure distribution, absenteeism, turnover rate and demographics, time to hire, net promoter score age, acceptance rates, succession planning, turnover by manager, and internal talent mobility.
- **Data about current and future business strategy**, including strategic business plans, potential mergers or acquisitions, organizational and business integrations, and eliminations.

A number of innovative participants report using data analysis tools like Microsoft Power BI, a tool that can turn data into insights. Several participants say they have developed calculators to quantify the costs of attrition, cost of vacancy, and other metrics, creating powerful business cases for investing in retention and role fulfillment. In addition, dashboards can be a very effective way to communicate complex data and illustrate trends (Figure 4).

Figure 4

An SWP dashboard allows leaders to access concise visual representations of worker data (illustrative)

Source: Scott Reida, *An At-a-Glance Workforce Planning Dashboard That Does a Little Extra*, LinkedIn, 2023

> » *We created a monthly infographic using Canva that aggregates multiple sources of free macro- and micro-economic data to share with our business partners.*
>
> HC Leader, TA Working Group

Apply TA Strategies to Improve SWP Outcomes

Two TA strategies are especially valuable because they are both easy to implement and powerful, providing guidance on where TA professionals should be focusing their efforts. By systematically using these two strategies, leaders can increase the efficiency and effectiveness of the TA function and improve overall SWP outcomes.[2]

The first strategy is the **hiring funnel**, a tool every organization regardless of size or scope can use. The hiring funnel is a simple depiction of the yields achieved by every step in the hiring process, based on historical, readily available data.

In the example in Figure 5, 92% of leads resulted in candidates who were eligible to be interviewed, and 72% of the leads were actually scheduled to be interviewed. The bottom of the funnel indicates that just 23% of initial leads were hired. This final outcome means that for every start, the organization needs more than four leads.

By documenting, analyzing, and regularly updating their organization's hiring funnel, TA professionals can gain insights into the following questions:

- How many recruiters do we need?
- What kind of sourcing do we need and what are the historical results?
- How many people will we need to attract and push through our process to get the hires we need?

An accurate understanding of the hiring funnel helps ensure that TA is appropriately resourced and is focusing its efforts efficiently to yield desired outcomes.

Figure 5

A hiring funnel depicts the yields achieved at every step of the hiring process (illustrative)

Source: Riviera Advisors, Inc., 2023

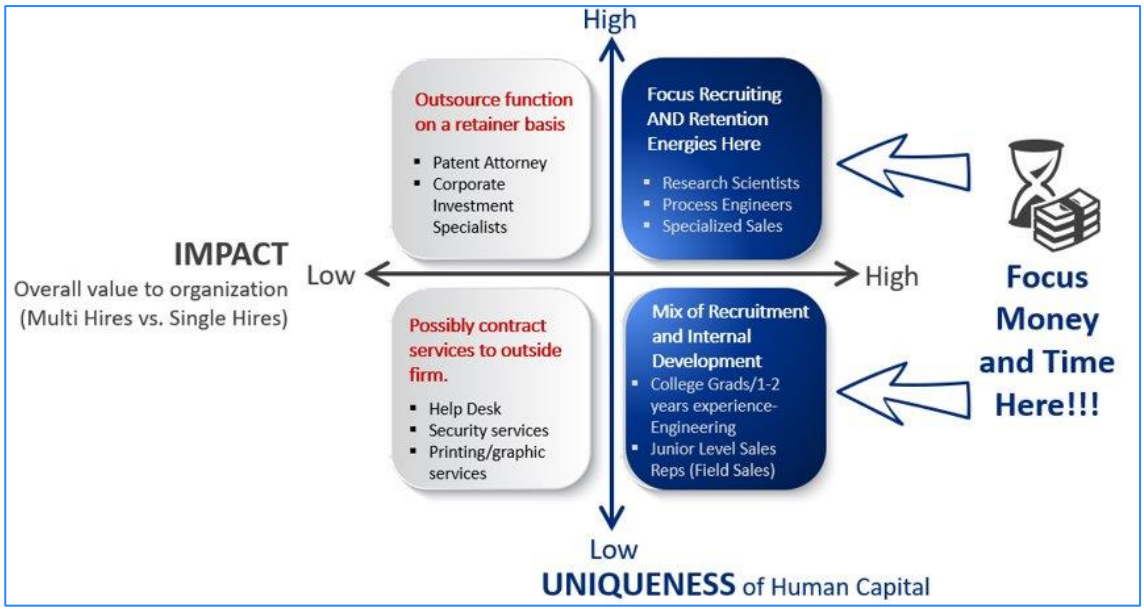
The second strategy is the **role prioritization tool**, illustrated in Figure 6. Job roles vary significantly in their impact on the organization, the uniqueness of the skills required to perform them, and the fulfillment approaches best suited to be used with them. By focusing resources on high-impact roles, assessing job roles according to their skill uniqueness, and matching fulfillment approaches to each quadrant, the role prioritization exercise ensures that TA teams are optimizing their limited resources to achieve the best outcomes.

The exercise puts each role into one of the four following quadrants, each of which aligns to a different fulfillment approach:

- Focus recruiting resources on filling **High Impact/High Skill Uniqueness** roles like research scientists, process engineers, and specialized sales professionals.
- Use a mix of recruiting resources and internal development to fill **High Impact/Low Skill Uniqueness** roles like junior level sales reps, analysts, and early-in-career engineers.
- Consider contracting out for **Low Impact/Low Skill Uniqueness** roles such as help desk representatives, security services, and printing/graphics services.
- Consider outsourcing on a retainer basis for **Low Impact/High Skill Uniqueness** roles such as patent attorneys and investment specialists.

Figure 6

The role prioritization exercise allows TA teams to optimize their resources (illustrative)



Source: Jeremy M. Eskenazi, *RecruitCONSULT! Leadership: The Corporate Talent Acquisition Leader's Fieldbook,* Second Edition, STARoundtable Press, 2018

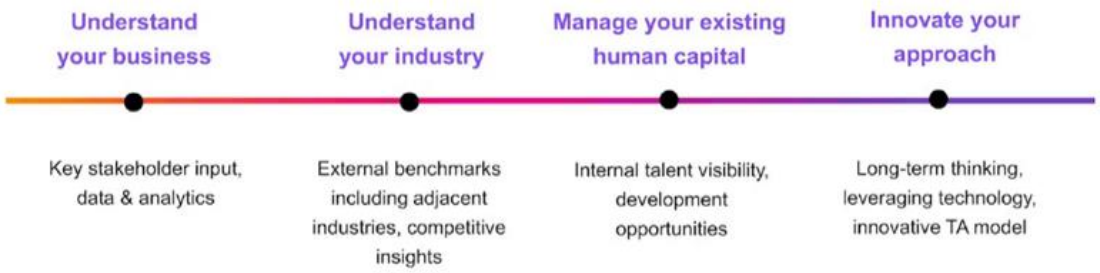
> » *We used a role prioritization exercise to determine where to focus our efforts. When the business units understood that we were not able to prioritize all of their hiring needs, we were able to make the case for increasing the TA budget.*
>
> HC Leader, TA Working Group

The TA function itself can greatly benefit from applying SWP strategies. TA leaders can develop talent forecasts (see Figure 7) for their own organization, recognizing that staffing needs are dynamic and creating a TA capacity plan that continually meets them. The following SWP strategies are additional examples of ways that TA staffing allocation can be optimized on an ongoing basis:

- Set internal benchmarks for optimal recruiter workloads, based on historical data.
- Leverage independent workers to support high-volume hiring periods and analyze data to determine an optimal target for your independent worker/in-house recruiter staffing ratio.
- Know the business and division plans so you can allocate recruiters to where the highest-volume hiring is going to occur.
- Set goals and closely monitor progress toward them, reallocating resources when needed to achieve goals.

Figure 7

Developing talent forecasts allows organizations to strategically plan for future workforce needs



Source: Cielo, 2023

During periods of slow hiring, many organizations hastily lay off recruiters. This creates downstream challenges to rapidly build back up when hiring demands increase. Instead of laying off recruiters, TA leaders can redeploy them to train hiring managers, conduct process improvement and technology enhancement projects, or conduct pipeline development. If the decrease in hiring demand is projected to be long term, recruiters can be reskilled to perform different jobs that leverage their valuable skill set.[3]

CHROs Play a Critical Role in Helping Their Organizations Reap the Benefits of the TA/SWP Partnership

The benefits of the powerful partnership between TA and SWP cannot be realized without the active sponsorship and leadership of the CHRO. To ensure adoption, first implement a change management program to communicate the benefits of integration. It is essential for CHROs to ensure that SWP is as strong as possible before the US Securities and Exchange Commission begins requiring the reporting of workforce metrics.

CHROs can take the lead by implementing the following five steps.

1. Make the case to your C-Suite colleagues to support a **robust SWP function anchored by TA**.
2. Consider the **structural integration** of your human capital analytics, SWP, and TA functions, removing barriers to their collaboration by aligning them under common leadership.
3. Direct your TA and SWP teams to **work together** to share internal and external data sources and to create dashboards to enable effective monitoring and communications of key metrics.
4. Ensure that your TA team is tracking their **talent funnel** and drawing insights from it, as well as conducting **role prioritization** on a regular basis.
5. Charge your TA leadership with developing a **capacity management plan** that considers the dynamic nature of the TA function and encourages them to build in contingencies for hiring surges.

Methodology

Between June and September 2023, we convened *Talent Acquisition's Role in Strategic Workforce Planning*, a four-session working group to explore the advantages of integrating TA and SWP. The working group comprised TA, talent management, and SWP professionals, four knowledge partners, and multiple subject matter experts with the goal of learning together and from one another. This paper documents the insights and advice that emerged.

Over the course of our working group sessions, the conversations touched on several important topics that are reshaping talent management, including a skills-based approach to talent management, internal talent mobility, talent marketplaces, and of course, AI and its impact on TA and the world of work. While these topics are beyond the scope of this paper, we will be addressing them in future papers, roundtables, and other events.

Acknowledgments

The authors would like to thank Aileen Du, Program Manager, and Matthew Maloof, Research Associate, both of The Conference Board, for their assistance managing the working group sessions and preparing this report. In addition, the authors offer their sincere thanks to the following professionals who generously contributed their thought leadership at one of our four working group sessions:

- **Solange Charas, PhD**, Distinguished Principal Research Fellow, Human Capital**,** The Conference Board and Founder and CEO, HCMoneyball
- **Tara Darnell**, Executive Director of Talent Acquisition Strategy & Workforce Planning, Sutter Health
- **David Francis**, VP of Research & Product, Talent Tech Labs
- **Rachel Hawksworth**, Vice President, Talent Acquisition, HCA Healthcare
- **Hollie Heikkinen**, CEO/Founder, iWorker Innovations
- **Shannon Hunt**, Senior Director of Workforce Planning, Hilton Grand Vacations
- **Kevin MacDuff**, Solution Management Director, Visier
- **Patti Phillips, PhD**, Senior Advisor, Distinguished Principal Research Fellow, Human Capital, The Conference Board and CEO, ROI Institute
- **Cassie Pike**, Executive Vice President of Healthcare, Cielo
- **Jonathan Rosenberg**, Talent Acquisition Director, Caterpillar, Inc.
- **Rebecca Warren**, Director, Customer Success, Eightfold.ai
- **Michael Watson**, Head of Customer Evangelism, Eightfold.ai
- **Carla Williams**, Sr. Director, People Analytics Consulting, Visier

Resources from The Conference Board

- *Laying Off Recruiters in a Downturn Is a Dangerous and Risky Temptation*
- *Navigating the Global Talent Tsunami: Rethinking Strategies to Find the Right Talent*
- *Transforming Talent Acquisition, Onboarding, and Internal Mobility: Conversations with CEOs, CHROs, TA, and HR Leaders*
- *Different in Degree: Closing the Talent Gap with Alternative Credentials*
- *Total Talent Mobility: Strategic Purposes, Barriers, and Best Practices*
- *Accelerating Value by Using Human Capital Analytics to Understand the Workforce Experience*
- *Generative AI for Talent Acquisition*

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Endnotes

[1] Robin Erickson and Deb Cohen, *Transforming Talent Acquisition, Onboarding, and Internal Mobility: Conversations with CEOs, CHROs, TA and HR Leaders*, The Conference Board, October 2021.

[2] Jeremy M. Eskenazi, *RecruitCONSULT! Leadership: The Corporate Talent Acquisition Leader's Field Book*, Second Edition, STARoundtable Press, 2018.

[3] Robin Erickson, Jeremy Eskenazi, and John Gates, *Laying Off Recruiters in a Downturn Is a Dangerous and Risky Temptation,* The Conference Board, November 2022.

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