STRATEGIC WORKFORCE PLANNING
What is Working for America’s Leading Companies
presented by:
Mercer and General Electric
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Agenda

• Welcome & Introductions
• Strategic Workforce Planning (SWP)
  – What’s Going on in the Marketplace?
  – Mercer’s Model to Enable SWP
• GE Story
  – Workforce Planning @ GE
  – The Fast Path to SWP
  – Connecting Analytics & Planning
  – Setting Up a Planning & Analytics Center of Expertise (COE)
• Q&A
Mercer: A Global Consulting Leader

Mercer Helps Clients Around the World Advance the Health, Wealth, and Performance of Their Most Vital Asset – Their People

Mercer: A quick look

• $3.9 billion in revenue
• 65-year history
• Offices in more than 40 countries
• 19,000+ colleagues

Our clients: A quick look

• 80% of top US public companies
• 70% of FTSE 100 companies
• 70% of CAC 40 companies
• 65% of Nikkei 225 companies
• 80% of clients <5,000 employees
STRATEGIC WORKFORCE PLANNING – WHAT’S GOING ON IN THE MARKETPLACE?
What “Everyone” is Talking About

- War for Talent
- Offshoring
- Big Data
- Predictive Analytics
- Labor Shortages
- Supply
- Demand
- Outsourcing
- Productivity
Research Findings: Organizations Are Making Significant Investments in Talent Without a Plan to Understand and Manage It Effectively*

<table>
<thead>
<tr>
<th>Spend</th>
<th>Have a Workforce Plan</th>
<th>Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global 60%</td>
<td>Yes 77%</td>
<td>High 62%</td>
</tr>
<tr>
<td>Increase</td>
<td>No 23%</td>
<td>Not at all 24%</td>
</tr>
<tr>
<td>spend</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Mercer Talent Barometer Survey
Workforce analytics and planning is becoming increasingly important as business challenges increase the need for robust workforce information and insight:

1. Growth and expansion plans

2. Changes in product mix and go-to-market strategies

3. Continued quest for profit improvement and operational efficiencies

4. Scarcities in external talent pools

5. Internal pipelines are inefficient

The biggest growth area in HR technologies is workforce analytics, from 14% to 46% in the next 3 years

Source: CedarCrestone's 2013-2014 Outlook Report

Hottest Jobs for 2014: Head of HR Analytics, second only to the CHRO position

Source: CT Partners 19th annual executive jobs forecast
Marketplace Growth Is Placing Demand Premium On Practitioners

Hiring Demand for Workforce Planning or Workforce Management Skills in the US

Hiring Demand for WFP or WFM in Major Metropolitan Areas

Source: Wanted Analytics:
Mercer’s Comprehensive Workforce Planning Model
A sequential, recurring process

1. Gain Strategic Insights
   - Business Imperatives
   - Talent Implications
   - Workforce Planning Insights Report

2. Measure the Gap Risks
   - Talent Supply
   - Workforce Gaps & Risks
   - Talent Demand
   - Risk Assessment

3. Model Talent Management Options
   - Quantity
   - Quality
   - Location
   - Develop Internally
   - Recruit Externally
   - Contract or Use Temporary Labor
   - Workforce Plan

4. Take Action
   - Attraction
   - Recruitment
   - Career Development
   - Performance
   - Rewards
   - Leadership
   - Culture
   - Talent Solutions & Ownership Model
Companies are Building Analytical Centers of Expertise to Support the Increased Need for Quality Information about the Organization’s Talent

**Strategic guidance**
- Give strategic guidance and context
- Institution scenarios and related workforce solutions
- Manage implementation & communication

**Process facilitation**
- Facilitate workforce analytics & planning process with institution managers
- Ensure results, validation & implementation

**Process & quality guidelines**
- Define workforce planning process, provide guidance & templates
- An objective, single source of data in workforce analytics & planning
- Ensure communication and training of all stakeholders (HR & line)
**GE Operating Segments – 2013 results**

<table>
<thead>
<tr>
<th>Segment</th>
<th>2013 Revenues (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Power &amp; Water</strong></td>
<td>$24,724</td>
</tr>
<tr>
<td><strong>Oil &amp; Gas</strong></td>
<td>16,975</td>
</tr>
<tr>
<td><strong>Energy Management</strong></td>
<td>7,569</td>
</tr>
<tr>
<td><strong>Aviation</strong></td>
<td>21,911</td>
</tr>
<tr>
<td><strong>Healthcare</strong></td>
<td>18,200</td>
</tr>
<tr>
<td><strong>Transportation</strong></td>
<td>5,885</td>
</tr>
<tr>
<td><strong>Appliances &amp; Lighting</strong></td>
<td>8,338</td>
</tr>
<tr>
<td><strong>Total industrial segment revenues</strong></td>
<td><strong>103,602</strong></td>
</tr>
<tr>
<td><strong>GE Capital</strong></td>
<td>44,067</td>
</tr>
<tr>
<td><strong>Total segment revenues</strong></td>
<td><strong>147,669</strong></td>
</tr>
<tr>
<td><strong>Corporate items and eliminations</strong>(b)</td>
<td><strong>(1,624)</strong></td>
</tr>
<tr>
<td><strong>CONSOLIDATED REVENUES</strong></td>
<td><strong>$146,045</strong></td>
</tr>
</tbody>
</table>

- World’s Biggest infrastructure company
- 300k+ employees
- 100+ countries
Topic Areas for Today

1. Workforce Planning @ GE
2. The Fast Path to SWP
3. Connecting Analytics & Planning
4. Setting up a Planning & Analytics COE
Strategic Workforce Planning @ GE
A Fast-Path Approach to Workforce Planning
On a piece of paper …. draw this table

<table>
<thead>
<tr>
<th>Talent Segment</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Talent Segmentation – short definition

TALENT SEGMENTATION:

- Process of **dividing** the workforce into groups
- That are **Similar enough** in some key attributes
- To enable **prioritization** of talent actions

**GOAL:** optimize the outcomes in each group

TWEET-Speak translation:

- #talent
- #divide
- #prioritization
- #optimize
- #similar_enough
- #differentiation
Talent Segmentation
“Divide to Prioritize”

What is a “meaningful” grouping?

- Not too broad, not too detailed
- Talent strategies would be similar
- Come from similar talent sources
- Created by looking at the role … not the individuals currently in the roles.

Just like sales & marketing … we need to understand which groups disproportionately impact results.
Talent Gaps

What we have v. what we need (now and/or later)

Difference in the numbers (FTEs)
“Capacity Gap”

Created by…
- Expansion
- Re-allocation
- Resignations
- Retirements

Difference in the skills/performance level
“Capability Gap”

Changes in …
- Technology
- Product focus
- Customer/Market
- Firm strategy
Next … fill in the Gap Ratings (H/M/L)

<table>
<thead>
<tr>
<th>Talent Segment</th>
<th>Capacity Gap</th>
<th>Capability Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 [Segment #1]</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>2 [Segment #2]</td>
<td>Med</td>
<td>High</td>
</tr>
<tr>
<td>3 [Segment #3]</td>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>
And … plot your segments

<table>
<thead>
<tr>
<th>Capacity Gap</th>
<th>High</th>
<th>Med</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Segment 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Med</td>
<td></td>
<td>Segment 2</td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td>Segment 3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Capability Gap**
Interpretation …

INCREASE OUTPUT:
* Recruiting?
* Retention?
* Productivity?
* Org Structure?

Segment 1
Segment 2
Segment 3

Capacity Gap
High
Med
Low

Low
Med
High

 Capability Gap
Interpretation ...

INCREASE SKILLS & PERFORMANCE:
* Training?
* Development?
* Assessment?
* Replace/Upgrade?

Capacity Gap

Segment 2

Segment 3

Low

Low

Med

High

Capability Gap
In the end … only ACTIONS matter

**ACTION categories:**
- Recruitment programs
- Training development
- Cost optimization
- Retention programs
- Contractor mix
- Productivity initiatives
- Technology deployment
- Talent pipeline/LPs
- Compensation practices
- Outsourcing decisions
- Knowledge transfer
- University relations
- M&A
- Real estate planning
- etc.

**USEFUL for these teams:**
- Talent Recruitment
- Talent Management
- Learning & Dev.
- Finance
- Real estate
- etc.
Setting up a Planning & Analytics COE

Define Stakeholders:
- Business leaders, then HR
- What are their pain points?
- Planning or Analytics solutions?

Build scale through others
- “Virtual COE”
- Education imperative

Intake/prioritization process
- Complexity-Commitment levels

Kick-start the “virtuous cycle”
- Goal: high value-added work
- Path: Visibility -> Awareness -> High Value Requests

... and make it fun!

10pts – Presenting to CEO
5pts – Presenting to VP
5pts – Request from VP+
5pts – Level 3 project
3pts – VP-HR sends our work to VP+
2pts – Present to HR staff

TEAM REWARD every 25pts
Information and Additional Resources
For more information about today’s presentation

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