Strategic Staffing: 
*Workforce Planning meets Strategic Planning*

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Questions for Consideration
Our agenda for the day

- **What Is the Desired Business Outcome?**
  - *Do we have the right workforce to achieve the Business Plan*

- **Who Should Be Involved?**
  - *Integrating the business and strategic plans*

- **How Do We Get There?**
  - *Combining Workforce Analytics with Workforce Planning*

- **5 Lessons Learned**
Delivering the World’s Energy
Safely and Reliably

4th largest international oil company
61,000+ employees worldwide
2.6 million barrels of oil-equivalent production per day

Safety is The Chevron Way
In 2014, we again led our peer group in safety
Safety Moment
Repetitive Stress Injuries

- Repetitive Stress Injury (RSI) is injury to musculoskeletal and nervous system that may be caused by repetitive tasks, forceful exertions, vibrations, mechanical compressions, or sustained awkward positions\(^1\)

- > 1,100 cases

- Potential business impacts range from:
  - First Aid
  - Disability
  - Surgery
  - Physical Therapy
  - Nurse Case Management

**OBJECTIVE:** Provide workers and managers with tools needed to reduce & potentially eliminate office-based RSI associated with computer use.

\(^1\) Source: Public Employees Occupational Safety and Health Program of the New Jersey Department of Health and Senior Services.
RSI Management System
Increasing safety through technology

<table>
<thead>
<tr>
<th>Description</th>
<th>RSIGuard Window</th>
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<tbody>
<tr>
<td>Primary window for accessing the break/stretch and dashboard functionality of the RSI Management System</td>
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<tr>
<td>Make quick adjustments to your personal settings</td>
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<td>Monitor mousing and typing activity as well as break and work time details</td>
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<tr>
<td>Conduct workstation Self-Assessment</td>
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<tr>
<td>Participate in Office Ergonomics Training</td>
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| RSIGuard RestBreak |
| Pop-up window that appears during a break or when a restbreak is needed |
| Read or listen to instructions for how to perform the suggested stretches |
| See how much time is left in your break |
| Postpone the break for a few minutes |

| RSIGuard MicroBreak |
| Pop-up window that appears to prompt a short break from typing and mousing with an embedded message designed to increase your awareness of how you are using your workstation and prompt you to change positions |
Provides a graphical summary of computer use and break/stretch analytics

- **Hours Using Computer**
  - Measure of time you spend on your computer calculated when a first keystroke or mouse activity occurs, and noting when 30 seconds have passed without pause
  - Total hours using computer is a sum of the lengths of these “blocks of work” each day

- **Overall Break Compliance**
  - Measure of whether the number of breaks you take is reasonable in relation to your computer use
  - Considers both the breaks suggested by the RSIGuard tool as well as the natural breaks you take without being prompted

- **Desktop Risk**
  - Statistic calculated from your restbreak and microbreak compliance, time spent using your mouse and keyboard, and keyboard and mouse strain exposure

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What is Strategic Workforce Planning?
Staffing versus Strategic Workforce Planning

Headcount/Staffing Planning
- Hitting a close target (staffing plan)
- Change = Result

Strategic Workforce Planning
- Hitting a distant target (business/strategic plan)
- Small changes in direction now can result in large variations from target later
  - Hiring
  - Development
  - Workforce Composition
Combines domain expertise of Human Resources…
Business and macroeconomic perspective of Strategic Planning…
Descriptive & predictive capabilities of Analytics
A Diverse, Worldwide Portfolio
Significant Growth to End of Decade

North America

2.6 MMBOED
2014 Net Production

3.1 MMBOED
2017 Net Production

Africa & Latin America

Europe, Eurasia and Middle East

Asia-Pacific

Current operations
The Big Crew Change
Ensuring necessary experience through hiring and development

- Transferring knowledge from experienced employees
- Developing capabilities of newly hired talent

Note: Scales and data labels have been removed for purposes of confidentiality.
Strategic Staffing
What workforce is required to achieve our future business strategy?

OBJECTIVE: Ensure Chevron has the workforce to achieve its business strategies in 5-10 years by making necessary near-term shifts in hiring, development, and construct.
Planning for Whom?
Identifying which groups are involved

- Plan for the *capability*, not the position
- Use Functional Disciplines
- Decision criteria govern which disciplines participate in Strategic Staffing*
  - Criticality: Impact of function on achieving business results
  - Scarcity in labor market
  - Time to productivity

* Example decision criteria only. Not intended to represent complete Chevron process.
Application of Predictive Analytics
Supply validation and forecasting

- Employee supply data sourced directly from data warehouse
  - Validated by Functions and HR
  - HR Management sign-off process

- Regression model to forecast attrition based upon historical factor analysis
  - Key parameters include age, experience, country, function, etc.*

* Example parameters of SSOFA attrition model; not intended to be all-inclusive.
Integration with Business Planning ensures tight alignment with BUs
- Bottom-Up process
- 5-10 year talent forecasts are extension of nearer term business planning
- Entered into proprietary database that allows for entity/project-level validation (SSOFA)
- HR and Functions provide check-and-balance to Business Planning assumptions

Storyboards capture key insights and assumptions
Strategic Staffing Technology
Enabling talent entry, forecasting, modeling & reporting

- Strategic Staffing Optimization & Forecasting Application (SSOFA)
- Integrates supply, demand and hiring target data with planning applications and models
- Enables hiring forecasts, attrition forecasts, demographic projections, scenario analysis
Identifying Talent Gaps
Combine business forecasts and analytics to determine critical gaps

- Pair supply and demand forecasts to identify gaps
- Review gap charts at a functional or sub-functional level
- “What-if” analysis allows for multiple scenarios

Note: Fictional data. Scales, data labels and legends have been removed for purposes of confidentiality.
Long-Term Hiring Forecasts
Provide sufficient granularity for business to take action

- Close gaps by adjusting hiring targets on a year-to-year basis
- Hires form the basis of Action Planning

Note: Fictional data. Scales, data labels and legends have been removed for purposes of confidentiality.
Lessons Learned
Lesson #1
False Precision and focusing on the wrong thing

Creating a stronger link between the Talent Demand Forecast…

Focus on capabilities and directionally correct estimates of demand

Use outcomes to make adjustments to hiring, training, composition, etc.

…and Action Planning.

Buy ➔ Build ➔ Borrow ➔ Retain

Note: Fictional data. Scales, data labels and legends have been removed for purposes of confidentiality.
Lesson #2
Benchmarks assist in demand forecasting

- Utilize historical data & functional expertise to assist future staffing decisions
- Provides business managers with a starting point for forecasts
Lesson #3
Probabilistic decision-making for demand forecasting

The upper and lower 25% intervals capture the extremes of the distribution while giving them enough “weight” to have a meaningful effect.

Each branch gets a probability or weight equal to the interval of the distribution that it represents.
Lesson #4
Sensitivity analysis to plan for multiple scenarios

- Probabilistic approach creates low / mid / high scenarios

- Adjust workforce inputs to create sensitivity analyses
  - Retirement age
  - Hiring / Attrition rates
  - Workforce demographics

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Lesson #5
External market data informs action planning

- Market intelligence data informs action planning
  - Talent availability & forecasts
  - Labor costs & trends
  - Location analysis

- Enable Buy/Build/Borrow/Retain strategies with hard labor market data

- Assess feasibility, speed execution and ensure success of action plans

Source: CEB TalentNeuron.