

Aerospace and Defense Industries Step Up Interest in Workforce Planning Programs

A growing number of organizations are investing in workforce planning programs in order to future-proof the staff. The goal is to anticipate what the organization will look like five years out, to make hiring, training and career development decisions now in preparation.

In July and August 2008, Aberdeen surveyed more than 250 human resources and line of business executives from organizations around the world regarding their organizations' workforce planning programs. Analysis of these surveys shows that the factors driving organizations to pursue workforce planning strategies can differ dramatically by industry, and that is certainly the case with the aerospace and defense sector.

Loss of Skills and Knowledge: Key Industry Problems

According to data from the Aberdeen Group August 2008 report, *Strategies in Workforce Planning: Using Talent Acquisition & Performance Management Programs to Meet Tomorrow's Business Needs*, the top internal pressure driving interest in workforce planning programs overall is the retention of existing workers (cited by 41% of all organizations).

That pressure is certainly felt in the aerospace and defense sectors, where the number one cited internal pressure driving workforce planning programs is the loss of critical business knowledge and skills (cited by 31% of respondents in those industries). Indeed, when one looks at the four top internal challenges in the aerospace and defense industries, the focus is clearly on change and anticipated losses (Figure 1).

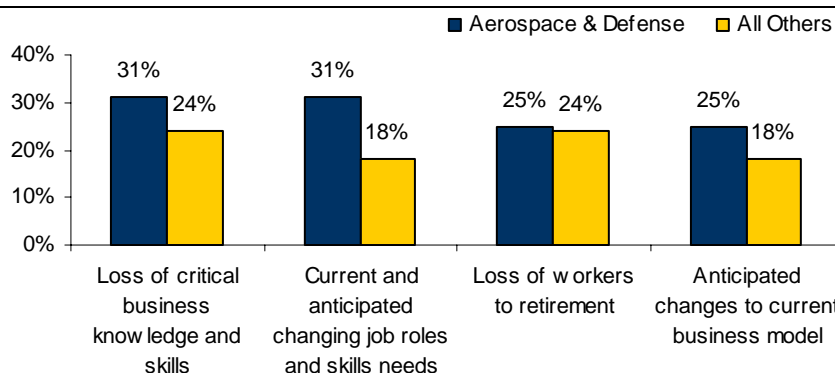
Sector Insight

Aberdeen's Sector Insights provide strategic perspective and analysis of primary research results by industry, market segment, or geography

"Our workforce planning program involves the identification of the people resources required to execute our programs, both current and future, including the matching of skills, capability and capacity - risk reduction is the expected gain."

~ Manager, Leading National Defense Contractor

Figure 1: Top Internal Pressures Driving Workforce Planning



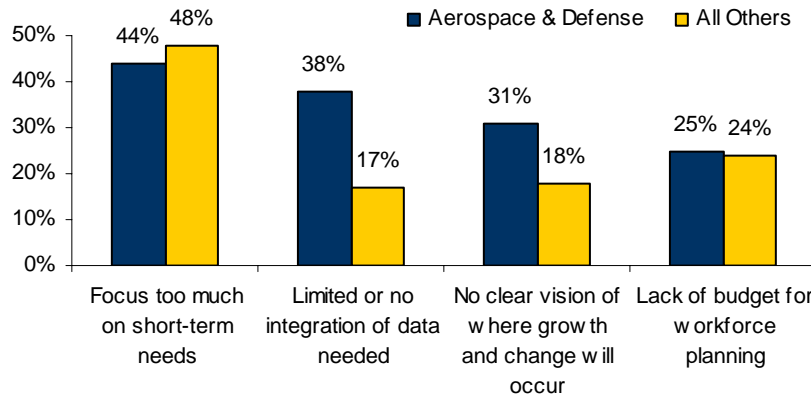
Source: Aberdeen Group, September 2008

Shared Short-Sightedness

Where organizations in aerospace and defense align closely with their counterparts in other industries is with the top hurdle cited to implement a workforce planning program — a very near future horizon. In other words, the future is viewed as a very short period of time, and for most organizations it is only 12 to 18 months, according to survey data.

As evidence, asked to identify the top challenge to their workforce planning initiatives, 44% of organizations in aerospace and defense indicated that they focus too much on short-term needs. The same challenge was cited by 48% of all other organizations as well (Figure 2).

Figure 2: Top Challenges to Implement Workforce Planning



Source: Aberdeen Group, September 2008

This shared short-sightedness is a major obstacle for any successful workforce planning effort, survey data reveals. The goal of workforce planning is to anticipate changes to the organization in terms of industry trends, market conditions, growth or expansion, and assess how those conditions will impact the staff.

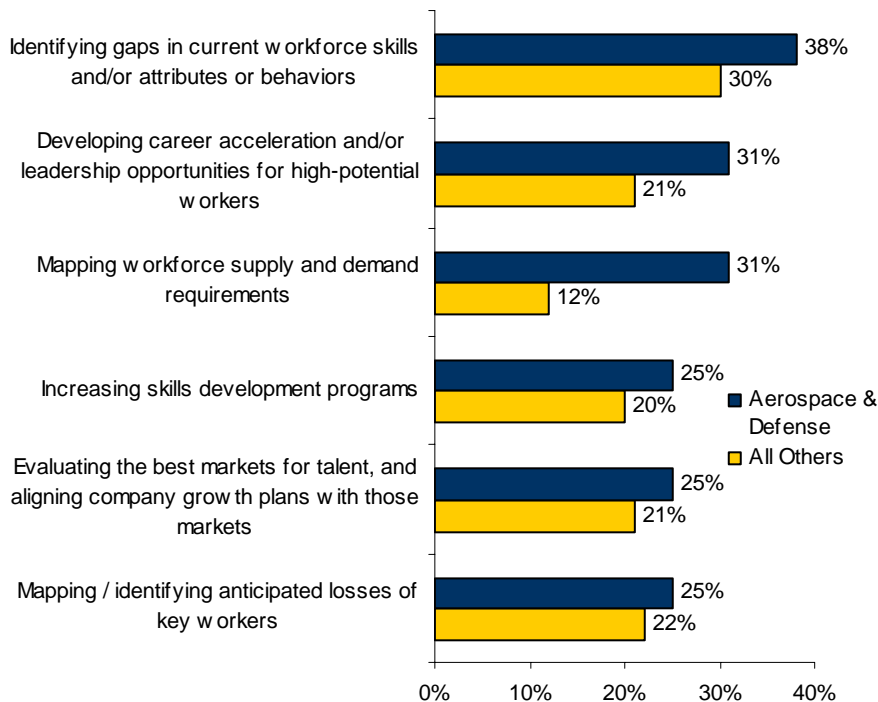
A workforce planning program should identify the skills needed in the organization now and map available skills against those needs. The program should then project the current workforce profile outward for two, five or 10 years, to determine how emerging and changing job roles will affect hiring, retention, training, and leadership development needs.

But with most organizations viewing a short event horizon, it is difficult to take steps to address long-term staffing needs.

Responding to the Pressures

The good news for organizations in the aerospace and defense sector is that they are currently much more aggressive than their counterparts in other industries in assessing and mapping current workforce requirements, as well as taking steps to put career development and leadership training programs in place (Figure 3).

Figure 3: Top Strategic Actions to Workforce Planning Pressures



Source: Aberdeen Group, September 2008

Success Starts at the Top

There is one point on which all organizations can agree, which is that success with a workforce planning program begins with buy-in from senior leadership. The good news for the aerospace and defense industries is that organizations in these industries have the attention of corporate senior leadership. Indeed, 41% indicated that their workforce planning strategy is integrated with the organization's overall strategic plan and is widely practiced across the enterprise. Among all other industries, the percentage drops to 24%. The integration of these strategies gives further credence to the heightened importance of workforce planning within these two industries.

This executive level buy-in is also reflected in key process differentiators. According to survey participants in the aerospace and defense sector, capabilities required to manage a workforce planning program include:

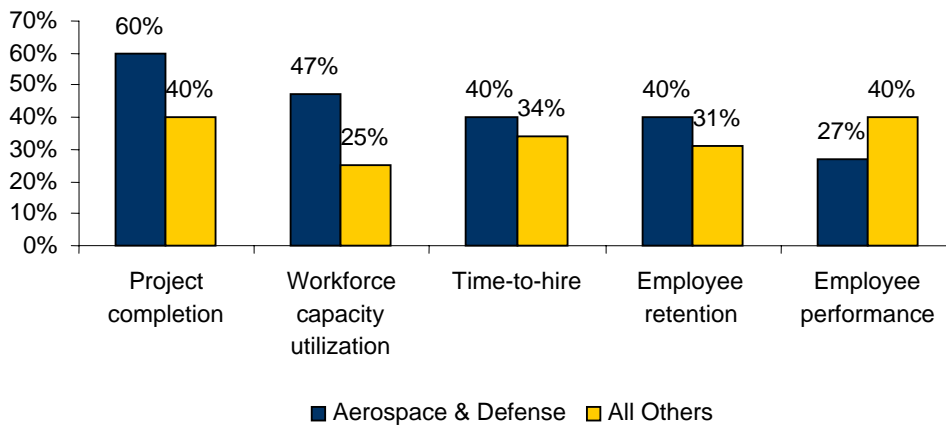
- 80% cite buy-in from senior corporate leadership (cited by 59% of all others)
- 73% cite a clear understanding of the purpose of workforce planning (cited by 56% of all others)
- 69% have identified the potential losses of key individuals at key positions (cited by 40% of all others)

- 67% have a clear understanding of the core competency requirements for key job roles (i.e. skills and capabilities)
- 64% have standardized processes for collecting workforce data (cited by 36% of all others)

Managing Projects and the Workforce Better

As the data illustrates, organizations in aerospace and defense have a greater sense of what they are aiming to accomplish with workforce planning, and have sought top executive approval in order to move the program forward. This has resulted in some significant gains for these organizations beyond the levels achieved by organizations in other industries (Figure 4).

Figure 4: Percent of Organizations Citing Key Improvements



Source: Aberdeen Group, September 2008

An important ingredient in the recipe for success with workforce planning, both anecdotal and survey data reveals, is that workforce planning data is shared throughout the organization with everyone that has a need for it. Organizations in aerospace and defense are far more aggressive in sharing workforce planning data on a regular basis, enabling those organizations to have the ability to be more flexible in responding to the findings:

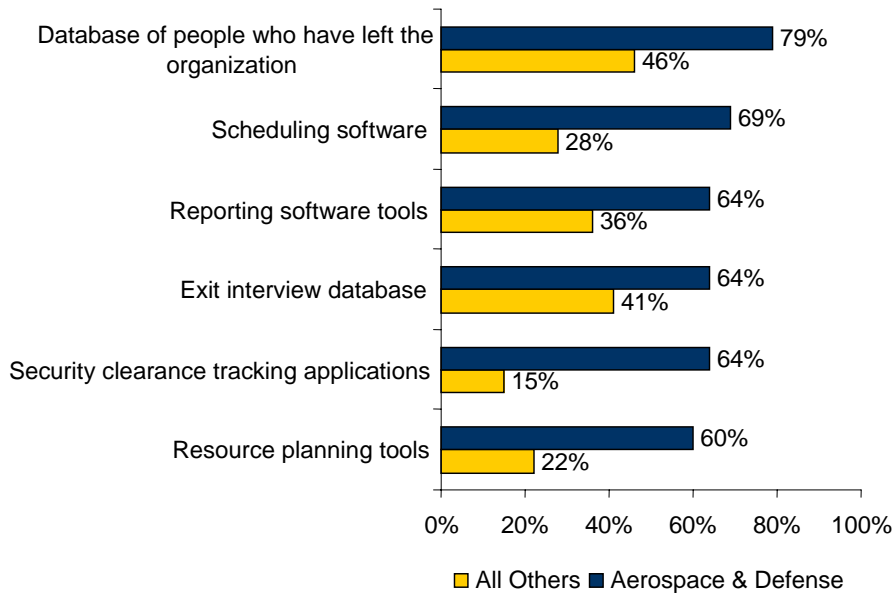
- 33% share workforce planning data on a monthly basis (compared to 8% of all other organizations)
- 20% share workforce planning data on a quarterly basis (compared to 12% of all other organizations)

Investments in Workforce Planning Systems

Success with a workforce planning program is aided greatly by investments in specific technologies, and here again organizations in aerospace and

defense are far more aggressive at integrating various applications into the effort (Figure 5).

Figure 5: Technology Applications Used in Workforce Planning



Source: Aberdeen Group, September 2008

The aggressive investments in scheduling software, resource planning and reporting tools, and employee exit-related applications give organizations in the aerospace and defense sectors a strong edge in managing a workforce planning program. An exit interview database of employees that have left the company enables the organization to better assess the reasons that employees leave, and take appropriate steps in retention efforts to slow that loss. Reporting tools enable managers to access workforce data and produce appropriate reports for action items. Lastly, scheduling and resource planning tools enable the organization to better assess labor needs and assign workers accordingly.

Table I: Solution Providers with Workforce Planning Expertise in the Aerospace and Defense Industries

Solutions Provider	Website	Description
Hitachi Consulting	www.hitachiconsulting.com	Hitachi Consulting helps Aerospace and Defense companies implement Workforce Planning and Transformation solutions, including Human Capital Management, Knowledge Management, Engineering Optimization and Consolidation, and Resource Planning and Management, all to drive more productivity and engineer portability.

Solutions Provider	Website	Description
Towers Perrin	www.towersperrin.com	Towers Perrin aids Aerospace and Defense companies manage processes related to Executive Compensation, Health and Welfare program management, HR function efficiencies, retirement programs, total rewards management and workforce efficiencies.
Hewitt Associates	www.hewittassociates.com	Hewitt Associates provides HCM consulting, outsourcing, and integrated HR solutions, including workforce planning and talent acquisition strategies. Hewitt Associates can outsource a company's complete HR function or be engaged on a single project.
Mercer	www.mercer.com	Mercer works with organizations globally to develop comprehensive workforce strategies and specific workforce solutions that will attract, engage, develop and retain the workforce each organization needs to succeed. Mercer's workforce analytics approach aims to ensure that human capital strategy is aligned with business strategy, enabling organizations to identify and address gaps in their talent mix and make targeted workforce investments that drive better business outcomes.
Deloitte	www.deloitte.com	Deloitte's Strategic Workforce Planning Solution enables organizations to understand future human capital requirements and assess the impact on talent programs, such as recruitment, performance management, succession planning, learning and development and career development.

Source: Aberdeen Group, September 2008

Required Actions

While organizations in aerospace and defense clearly enjoy greater performance gains from their workforce planning programs than their counterparts in many industries, survey data also reveals there is plenty of room for improvement. The following actions will help prompt such improvements:

- **Make predictions.** In order to act on a workforce planning strategy, an organization needs to have a game plan based on presumptions on what changes lay ahead. Predicting the future is never easy, but it is made easier with modeling and forecasting tools that examine a variety of "what if" scenarios. This enables the organization to examine how it may be impacted by changes in its business model, growth, industry and market events. Unfortunately, a minority of organizations in aerospace and defense (6%) indicate they are doing this.
- **Know your history.** As important as it is to be able to look forward in a workforce planning effort, it is also vital to be able to look backward. Modeling future workforce scenarios depends on historical trend data and analysis. But only 6% of aerospace and defense organizations are currently capturing such historical data.
- **Expand your brand.** In order to better attract skilled talent, organizations should expand their efforts to brand the company as a best place to work. Very few - less than 10% - of organizations in aerospace and defense are currently doing this.

- Identify new job needs.** Half of a workforce planning initiative involves assessing the current workforce, its skills and attributes. The other half involves knowing what future jobs you will need to fill, and what skills and attributes those jobs will require. Not one surveyed company in aerospace and defense indicated they have the current capability of identifying emerging job roles and their associated missions.

To meet with success, an organization needs to start with a clear vision of the role of workforce planning in its business model. It needs a clear picture of what skills, capabilities and attributes exist, or are missing, from the current staff. Moreover, it needs to have a realistic view of where the company is headed in terms of development, growth and market expansion.

Finally, an organization needs accurate, complete and easily accessible workforce data, in order to model various future scenarios, anticipate emerging job roles and skill needs, and evaluate the gap between present realities and future opportunities.

With an effective workforce planning program in place, an organization will have a useful roadmap to transition it smoothly from what is today's future, to what will be tomorrow's present.

For more information on this or other research topics, please visit www.aberdeen.com.

Related Research	
<i>Strategies in Workforce Planning: Using Talent Acquisition & Performance Management Programs to Meet Tomorrow's Business Needs</i> ; August 2008 <i>Taming the Benefits Management Beast: Driving Costs Down and Satisfaction Up</i> ; July 2008 <i>Talent Acquisition Strategies: Employer Branding and Quality of Hire Take Center Stage</i> ; July 2008	<i>Trends in Human Capital Management</i> ; May 2008 <i>The Looming Leadership Void: Identifying, Developing, and Retaining Your Top Talent</i> ; November 2007 <i>The Global War for Talent: Getting What You Want Won't Be Easy</i> ; June 2007
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