Infogencer

The Business Case for Workforce Management Solutions

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Introduction

The widespread adoption of dedicated Workforce Management (WFM) solutions continues to gain momentum as organizations increasingly recognize that the level of control and visibility needed in managing their workforce resource is rapidly outstripping the capabilities provided by existing HR applications and processes. Unlike many other areas of their operations that have for a long time seen the adoption of sophisticated solutions to optimize value (such as Enterprise Resource Planning, Supply Chain Management, Customer Relationship Management, Business Intelligence, Business Process Management and so forth) - the management of the underlying human resource has remained a largely administrative, and often manual, undertaking. In our view this is a situation that has to change if organizations are to maximize the value from their workforce resources, while at the same time minimizing its cost and risk. To achieve this, organizations need to have a much greater level of visibility and control of their workforce resources and workforce processes. Without the underlying support that a capable Workforce Management Solution can provide, this can be difficult, if not impossible to achieve. As a result, the demand for Workforce Management Solutions is growing rapidly as organizations increasingly turn their attention to the ability of their workforce management processes to support some of their most pressing operational and strategic challenges.

This trend is also being driven by the evolving role of HR within organizations. What was traditionally regarded as purely an administrative function, HR teams are now being required to take a more strategic position as organizations increasingly recognize the impact of their workforce and its activities on their operational and strategic performance. As a result, HR responsibilities are extending beyond their traditional boundaries and are now becoming closely involved in helping to drive greater value from their workforce operations. Yet just as the role of HR is evolving, so too does the need for the IT solutions and service capabilities which are required to support, or even enable that transition to happen. If HR is able to successfully fulfill this new mandate, they must also take a fresh look at the tools and methods which are currently available to them.

Business Perspectives

Most organizations today operate in an increasingly challenging environment. Increasingly competitive global markets and the increasing commoditization of products and services through greater choice and comparison are driving a greater level of promiscuity by corporate and consumer buyers. As a result, these increasingly volatile and price-centric markets, coupled with the uncertainty and subdued demand resulting from the world's current economic climate, are making it challenging for most organizations to protect margins while at the same time find and exploit new opportunities for growth. As well as these external challenges, organizations also face increasingly complex internal challenges brought about by increasing levels of legislation, industry regulations, flexible working practices and employee welfare challenges, for example.

Addressing these concerns is clearly reflected in the current priorities cited by many senior executives in numerous surveys and interviews and which are fairly consistent across a broad range of industry sectors. While they may be expressed in a variety of different ways, our view is that almost all fall under just a small number of common priorities: First are the reduction of operating costs and the improvement of operational efficiency and productivity. Second is the increase in flexibility, agility and the ability to identify and respond to new opportunities for growth. Third are the acquisition of new customers and the greater retention of existing customers through improvements in customer service, quality and pricing. Fourth is developing new innovations in products, services, business processes and models. Fifth is the reduction and mitigation of risk, both directly as a result of non-compliance and indirectly as a result of operational or strategic activities such as from mergers, acquisitions, new products and services or entry into new markets. Sixth is the greater alignment and measurement of business execution against business strategy. And last, but by no means least, is attracting and maintaining a talented and valuable workforce. Taking stock of these challenges and priorities is important in setting the context for this paper, as an organization's workforce plays a major role in helping the organization to address those challenges and priorities.

From a cost perspective, the workforce is most likely to represent the single largest proportion of an organization's operating costs. The total cost of an organization's workforce not only includes direct expenses such as pay and benefits (including for agency and temporary workers), but also indirect overheads such the cost of managing and administering the workforce and its activities. When taken altogether, these costs can account for a significant proportion of an organization's overall operating expense, and in many organizations this can be upwards of 70%. It is therefore most likely that improvements in the efficiency, productivity and utilization of workforce resources and its management processes can yield significant cost savings for organizations.

The workforce is also intrinsic to an organization's ability to deliver its products and services to market successfully. Organizations must ensure that they have the right people in the right place at the right time performing the right work and have the ability to quickly respond to changes in demand or resource availability to react to new opportunities and threats. When any element of this formula breaks down the result is a reduction in the organization's operational performance through reduced customer service and satisfaction levels, missed revenue opportunities or excessive and unavoidable overhead costs. When these problems become sustained, the longer term impact can impair the organization's strategic performance, inevitably leading to a decline in the organization's brand and reputation potentially leading to a decline in market share.

The human nature of the workforce also brings with it a high degree of variability in availability, performance and productivity. Much of this variability is often unpredictable, only becoming evident as work is performed, or with little advance warning such as from unplanned absence. The workforce is also subject to increasingly complex and onerous legislation as well as increasing demands in relation to employee welfare, flexibility and for a greater work-life balance. These issues can expose organizations to high levels of legal, financial and operational risk as well as the potential to create an environment where the workforce is demotivated or disengaged, which in turn can greatly impact on overall productivity and the ability to attract and retain a valuable workforce.

Given the extent of the cost, value and risk that the workforce represents, it is most likely that improvement in workforce management practices - even by just a small degree - will potentially yield significant benefits for organizations and make a significant contribution to the business challenges and priorities facing organizations. As a result we believe that these issues should be placed high on the agenda for senior business management and given serious consideration as an investment priority for both HR, IT and operations management.

Workforce Management Solutions form just one area of the Human Capital Management (HCM) solutions landscape and serve to provide organizations with specific capabilities to address certain aspects of their HCM challenges. While other areas such as Talent Management, Learning Management and Workforce Analytics for example are as equally important, the scope of this Independent Solution Audit looks specifically at the capabilities and benefits that Workforce Management Solutions can provide to organizations. Before discussing these capabilities in detail, below we provide a brief summary of each of the main workforce related challenges and problem areas which in our experience are most common within organizations and which can be addressed by the adoption of a capable Workforce Management Solution.

Workforce Management Challenges

Optimizing the Efficiency of Workforce Processes

Managing an organization's workforce involves a large number of interrelated and often complex processes. Recording time and attendance information; performing payroll and accrual calculations; allocating work and tasks to resources and vice versa; creating, modifying and communicating schedules and shift rotas; managing planned absence requests and responding to unplanned absence occurrences; creating and communicating reports for forecasting, budgeting and payroll and other financial management purposes; recording project, job costing or client billing information, are all just a few examples. Each of these high level processes will also consist of a number of sub-processes such as data capture or input, checking and validation, performing calculations, making judgments or the transfer of information across different systems such as to payroll, finance and ERP applications for example. When exceptions occur throughout the process, such as from errors or inaccuracies in the process or underlying data, the process is complicated further by the need for investigation and remedial action. When the number of these processes are multiplied by the volume and frequency of repetition, and then by the number of employees (including external resources such as agency and contract workers), the result soon becomes a significant challenge for organizations to manage them efficiently.

What is common across many organizations is that most these processes are still performed manually or at best are only semi-automated using basic methods such as basic time clocks, online forms, HR applications with limited functionality or perhaps most commonly by the use of spreadsheets - which all still involve a significant amount of manual effort. How organizations approach the management of these processes varies widely. At the one extreme, and perhaps surprisingly, we still come across organizations that rely mostly on paper-based processes such as the use of handwritten timesheets and absence requests, or the communication of weekly schedules to employees using printouts delivered through the traditional mail for example. At the other extreme, there are of course organizations that have successfully deployed Workforce Management Solutions to create highly efficient and automated workforce processes. In reality however, most organizations will fall somewhere in between these extremes.

The inefficiency of these manual workforce management processes can have significant ramifications for organizations. The first and most obvious is simply the unnecessary and avoidable costs which are incurred by the administrative overhead required to perform those processes manually and to deal with the high levels of problems that typically occur. They also can have an impact on the productivity of non-administrative resources, such as line managers and supervisors, by diverting their attention away from more value-creating activities for which they are primarily employed. There are many other consequences, such as the impact of errors that often result from inefficient processes and the inflexibility that they impose on the organization's ability to adapt and respond to changes. These issues will be discussed in more detail shortly.

Yet workforce processes are fundamentally no different to other business processes. They typically involve an input, undergo a series of steps such as decisions, actions or calculations, and result in a desired outcome. In the case of other business processes - Business Process Management (BPM) solutions have been used extensively (and in the most successfully) by organizations for many years to drive greater levels of efficiency of their highly repetitive processes through greater levels of automation, management and governance. However the use of BPM solutions and methods has stopped short of managing many specific workforce processes. Perhaps because traditional BPM solutions are not best suited to dealing with these specialized workforce processes. However, the capabilities that Workforce Management Solutions provide can offer a much more suitable alternative. While they may not be classed as BPM solutions, many of the capabilities they offer do provide a platform on which organizations can apply significant levels of automation, control and visibility of their workforce processes.

When this is achieved, it can also pave the way for the introduction of employee self service which enables employees (or their supervisors or line managers) to perform a number actions without the need for manual intervention by HR or other administrative resource. This approach is particularly well suited to requests or processes which are highly repetitive and for which the outcome can easily be determined by applying a set of rules or validation checks. Tasks such as requesting a shift swap, requesting planned absence, changing shift preferences or updating personal details are all examples that can often be applied using a self service approach. Not only can this reduce the manual overhead involved in processing these requests - and which ultimately result in the same outcome - they can also greatly improve the consistency of decisions and provide greater levels of transparency of those decisions to those making the requests. The pervasiveness of mobile smart devices makes the accessibility to self-service process much more feasible than ever before and organizations should look closely at integrating the capabilities of these devices into their workforce management or self-service processes.

We are of course not implying that automation is the only answer to creating more efficient workforces processes, it is only part of the solution - albeit a significant part. While process automation is particularly well suited to processes that are highly structured and repetitive in nature, there will be many process that cannot be fully automated for various reasons or where complete automation is not desirable - such as the final implementation of resource schedules or in situations where human judgment or discretion is needed such as granting or declining paid sick leave. That does not mean that these processes cannot be made much more efficient through the use of a guided decisions approach. Guided decisions help supervisors and managers make faster and more effective decisions by the automatic recommendation of the optimal response. In scheduling for example, this can shield much of the complexity involved (discussed further shortly) in arriving at the most cost-effective allocation of available resource to meet the required demand. Or by assisting HR in making faster and more consistent decisions by the automatic recommendation of outcomes which are based on a number of factors such as predetermined compliance rules and policies. For processes that are more abstract, these can be handled using case management techniques which provide a single point where all relevant information, steps taken and decisions made in relation to a particular issue are managed through a highly structured workflow.

Minimizing the Risks from the Accuracy and Validity of Workforce Data

Another consequence of manual or inefficient processes, and which can expose organizations to further unnecessary and avoidable costs, is due to the inaccuracy of data which often emerges from them. This is a problem which plagues many organizations. When analyzed thoroughly, it can often uncover significant financial issues which are a direct result of this data inaccuracy. While relatively few organizations perform such analysis, those that do are often shocked by the result.

For an example, published research from a variety of sources shows that on average, organizations suffer payroll losses of between of between 1.5% - 3% due to inaccuracies in data. These inaccuracies can occur in any number of ways such as the incorrect entry of time and attendance information, keying errors when transferring or entering information into different applications, using the incorrect pay rate for payroll calculations or the incorrect calculation of accruals for example. Using a conservative example based on an average of say 2% - an organization with 500 employees whose average compensation per employee is $25,000/year could be incurring financial losses of around $250,000 per year solely as a result of these time and payroll data inaccuracies.

However problems may also be the result of malicious intent by certain workers through payroll fraud. Payroll fraud is the term given to any fraud against the payroll spends of an organization. This could be by falsifying time sheet information or 'buddy punching' - were one worker clocks on or off for another worker - for example. Payroll fraud can also be a significant cost for organizations and one which is not often identified (if it were identified consistently then it most probably would be far less prevalent than it is).

Whatever the cause, without the capabilities in place to increase the accuracy of workforce data, reduce error rates or to identify and prevent fraud, organizations will continue to fight a losing battle, or worse give up the fight and just accept the consequences. The cost of putting in place onerous additional manual checks and balances by utilizing further administrative overhead soon becomes counterproductive by offsetting savings made in the cost of more administrative overhead.

Optimizing Responsiveness to Demand and Resource Variability

As we have already highlighted, an organization's workforce is intrinsic to their ability to deliver their products and to market successfully. To achieve that, organizations must ensure that they have the right people in the right place at the right time performing the right work. Achieving this goal can be a difficult challenge for organizations and there are two major factors to consider: demand variability and resource variability.

From a demand perspective, most organizations will experience some level of fluctuation in demand for their products and services. For some, demand may be fairly static or vary slowly over time. This is particularly common in industries such as construction, civil engineering or certain sectors of the manufacturing industry. For others, demand will be much more volatile and may vary week by week, day by day or even hour by hour. This demand profile will be more common in industries such as retail, healthcare, hospitality, the services sector, FMCG or seasonal goods manufacturers for example. The volatility of demand may be predictable to a certain extent such as through the result of internal activities such as marketing or promotional activities for example. But often, demand can be highly unpredictable as a result of external influences such as the weather, competitor activity, or simply from unidentified or seemingly random fluctuations. Whatever the cause, meeting that demand is of course crucial to the organization's performance.

At any time when resource availability is below what is required to service demand then the organization may be faced with excessive overtime costs or more expensive agency or contract labor costs to compensate. If not, the result may be a reduction in the quality of, or delays in, product or service delivery. In the short term these issues will have an impact on customer service and satisfaction levels and potentially lead to missed revenue opportunities as customers seek alternative options. When these issues become sustained over a longer period of time, the result may be more severe and longer lasting such as a decline in the organization's brand and reputation - ultimately leading to more strategic issues such as the erosion of market share. Yet on the flip side, if the organization has excess resource in place than is required to service demand - either through not being able to accurately map resource allocation to forecast demand, or by deliberately over-resourcing to provide a safety margin to mitigate the risk of being under resourced - then the organization suffers from the excess cost of an idle and unproductive workforce. For many organizations this can be a very fine balance.

The second consideration in mapping resource to demand is the variability inherent in the workforce itself. The human nature of the workforce brings with it a high degree of variability in performance, productivity and availability. Some of this variability will be predictable, such as through planned absence, yet most of this variability will be largely unpredictable. Much of this unpredictability can come with little or no advance warning, such as through unplanned absence or work tasks taking longer to perform than planned for example.

This variability in demand and resource availability is not something which can be avoided in most cases. While some improvements can be made by using better forecasting methods or by the implementing a forecasting or predictive analytics solution for example, what is critical is how quickly and efficiently the organization is able to respond to that variability. The faster organizations are able to assign resource to meet the required demand, or in response to resource availability changes by assigning more resource to work tasks or by reorganizing current resource allocations, they will be in a much stronger position to mitigate the negative impact that variability can cause.

The challenge of balancing resource with demand is of course not as simple as a two-part equation of demand volume versus resource volume. The reality is much more complex. Demand will have many variables over and above volume over time, such as by location, by product, by service or by the specific profile of the resources needed to service that demand. Likewise, an organization's workforce will be made up of a broad spectrum of resources consisting of different roles, authority, skills, training, experience, knowledge or even down to their location or the equipment they may have. The workforce will also be subject to a number of constraints from business rules or compliance obligations. These may include work and rest time requirements, maximum number of shift or overtime hours or a maximum number of consecutive shifts worked, for example.

As the number of variables for both demand and resource increase, the level of complexity grows exponentially. It does not take long for the challenge of ensuring the right people are in the right place at the right time performing the right work becomes a difficult and time consuming process to manage. In many organizations this can consume significant amount of costly human resource in the process of planning, scheduling and communicating resource requirements.

Yet even having a small army of resource planners and schedulers will still not deliver the optimal result. Humans are simply notoriously bad at dealing with this level of complexity. Many of the common supporting tools used in this area such as spreadsheets or online scheduling applications still require the input of human judgment. The more sophisticated scheduling and forecasting capabilities that are found in some Workforce Management Solutions offer a much more robust solution to this challenge. The algorithms used by these solutions are able to quickly assess all possible permutations of demand requirements and resource availability and recommend the most effective resource allocation, schedules and shift rotas, and which conform to all relevant business and compliance constraints. Supervisors and managers can then review, make final adjustments if required and then implement with the minimal amount of effort required.

How quickly these changes to resource allocation can be communicated and actioned by the workforce is also an important consideration. The benefits can soon be cancelled out if it takes the organization a considerable amount of time to communicate those requirements to the workforce and for the workforce to accept or decline those changes. As a result, many capable Workforce Management Solutions provide an efficient mechanism to support this such as broadcasting resource requests to individuals by email, SMS or even automated voice calls.

Optimizing Resource Utilization

The term ‘productivity’ is often used in the IT industry in relation to the improvement of workforce management processes. Yet without being pedantic, the use of this term can be misleading. In its purest form, productivity is a measure of output for a given input - including quality and performance measures. While ensuring that the right people are in the right place at the right time and performing the right work can have an impact on productivity, it is certainly not the sole arbiter. There are many other issues which can have an impact on productivity such as the skill or experience of a particular worker, their performance, the quality of their work, the sophistication (or not) of equipment being used or in the design of information system interfaces which are used for example. All of these are way beyond the scope of what workforce management processes can control - let alone influence. Utilization on the other hand is a measure of how much time workers are working productively against the time they are available. That in our view is a more accurate description of what effective workforce management processes can directly influence.

By having the ability to control the allocation of resources at a much more granular level and with greater precision, coupled with the ability to respond to demand or resource variability quickly and efficiently, organizations are able to make significant improvements to their overall levels resource utilization. The results of which are either the ability to reduce overall headcount while maintaining the same level of work output, or by creating more capacity to increase work output while maintaining the same headcount, or of course a mixture of the two.

Given the scale of cost that an organization’s workforce represents, this is one area that can bring significant benefits as the following simple equation can illustrate. Take, as an example, an organization that employs 500 people at an average annual compensation of $25,000 per employee ($12.5m in total). Improving utilization levels by just 3-5% will bring savings in the order of $375,000 - $675,000 per year. This represents an increase in utilization of between 72 -125 minutes per week per employee (based on a 40 hour week). This can represent a reduction in headcount of between 15-27 employees while maintaining the same output level, or as an increased output equivalent to an increase in headcount without the additional cost.

While this does represent an arbitrary example, it is not out of the scope of what our research often uncovers. Many of these benefits can be achieved simply by improving the organization's scheduling, shift planning or resource allocation processes.

Managing the Impact of Workforce Fatigue

Fatigue is an area that is being increasingly recognized as an important factor in workforce productivity and welfare. Historically, fatigue has been seen as solely an issue of safety in respect to critical activities such as air traffic control or plant operations in the nuclear or petrochemical industries for example. In these areas, legislation and the implementation of compliant work practices are clearly defined and, with few exceptions, implemented accordingly. Outside of these critical areas, legislation only attempts to address the issue of fatigue in the broadest way (such as the European Union's Working Time Directive). However they do not address the impact of fatigue (yet) at a much more granular level. Yet the impact of fatigue goes way beyond the potential problems of non-compliance to these legal obligations.

Fatigue can, and often does, occur in every industry and almost in any job role. Generally fatigue is considered to be the deterioration in mental and / or physical performance that results from prolonged exertion. Particularly relevant to shift-workers - it can also be the result from sleep loss or disruption to the internal body clock. The most common causes of fatigue are poorly designed shift patterns and excessive work or overtime hours without the appropriate balance of work and rest periods and long spells of back-to-back shifts for example. As well as from the overall workload, fatigue can become more prevalent in workers that are performing more complex work, work that requires a high level of concentration and acuity or work that is highly repetitive, machine-paced or monotonous.

When fatigue arises, productivity and work quality quickly begins to deteriorate. The accumulation of fatigue across the workforce over prolonged periods can have a significant impact on overall workforce productivity and performance - potentially leading to a decline in product or service quality. This in turn can lead to a decline in the organization's overall performance and an increase in overall workforce costs if the organization is to compensate for this decline in productivity. More seriously however, fatigue can result in a significant increase in the risk of accidents, injuries or ill health. Both can have a detrimental impact on the morale of the workforce.

As a result, organizations in all industries and of all sizes are starting to look at how fatigue is impacting their overall business performance and risks and looking at ways to minimize fatigue across their workforce. While there are many aspects to consider to minimize fatigue across the workforce, such as assessing how work is performed, a major consideration is in the prevention of fatigue through better scheduling and shift planning, and more visibility on the potential circumstances that can lead to fatigue. This of course adds yet another layer of complexity to the workforce management challenge.

Managing Workforce Absence and Minimizing its Impact

Absence can have a significant impact on organizations. In a recent survey, the Society for Human Resource Management[1] found that in 2013, the cost of absence (planned and unplanned) as a percentage of total payroll cost amounted to approximately 8.1%. That figure alone is significant. However, when including the indirect impact of absence, such as the impact on overall productivity, the figure is much higher. In the same survey, SHRM found that the indirect impact of

[1] http://www.shrm.org/Research/SurveyFindings/Documents/14-531%20ExSummary_ImpactAbsence_Final.pdf

absence on productivity amounted to 36.6% for unplanned absence and 22.6% for planned absence across the United States. If the impact of these productivity issues were measured financially and added to those direct costs, the total cost of absence for organizations would be substantially higher still. Of course, these figures highlight the cost of absence to US organizations as a whole, and while many organizations will understand the cost and impact of absence on their own individual organization, the majority in fact do not. Another recent survey suggests that less than half of all organizations in the US measure the cost of absence on their organizations. If they are unaware of the direct cost of absence on their organization, they are most unlikely to understand the true impact which absence has on their organization. In many cases, organizations just accept absence as an unavoidable issue and take little proactive action to lessen the impact (both directly and indirectly) on the organization. The topic of absence in the workplace is a deep one and which covers many intricate aspects such as understanding the causes of absence and how to reduce incidents of absence through improvements in health and safety, how work is performed or improving the working environment for example. All of which are beyond the scope of this paper. However, there are many aspects to absence management which can be addressed by making improvement to workforce management practices and processes.

In every organization absence is inevitable and while incidents of absence may be reduced to some degree, the majority of cases will be genuine and therefore largely unavoidable. Managing and administering this absence can consume large amounts of overhead within an organization - such as from HR resource managing all aspects of the absence process from notification to return to work and for operational supervisors and line managers who often have to deal with the impact of absence in their operational objectives. It is also essential that each incidence of absence is dealt with accurately and fairly and be compliant to the various and often complex rules imposed by government legislation, union rules or collective agreements for example and which can often apply to different workers in different ways. Failure to comply can often result in claims against the organization and even when these claims are speculative on behalf of the worker, the organization still has to investigate and build a defense against them. These administrative processes are often highly repetitive, especially for short-term absences, and the outcomes can often be determined easily by adherence to predefined entitlement, business or compliance rules. Therefore automating many of these highly repetitive processes can significantly reduce the administrative burden for organizations while also ensuring that business and compliance rules are more accurately and consistently applied across the organization. For more complex absence types - typically found in longer term absence for example - it is often not possible, or undesirable, to automate the entire process as many of the steps taken and decisions made will require human judgment and perhaps compassion to be applied. Yet this does not mean that these processes can also not be made more efficient. Providing the teams responsible for dealing with these absences with the support from highly structured processes to guide them through the process as well as a central repository for all information and communication relating each absence case, can significantly improve the efficiency and accuracy of dealing with these more complex absence cases.

Reducing the overall incidents of absence should be of course one of the most pressing issues for organizations to address and which as we have already said - how organizations can achieve this is beyond the scope of this paper. However if organizations are to focus their best efforts on reducing absence, they must first understand where to look. Formalizing many of these absence processes will provide organizations with the opportunity to capture and record information concerning absence at a much more granular level and by using a common format and terminology across the entire organization. This provides the organization with a valuable source of information which if leveraged can be used to gain much greater insight into absence trends and patterns. This will enable them to highlight particular symptoms or causes of absence, the prevalence of absence across individual workers or groups of workers, or patterns relating to absence trends such as by time of week, department or location for instance. Having this level of insight will enable to organization to take targeted steps to reduce the prevalence of absence across the organization.

When absence does occur, and regardless of how efficiently the absence processes are managed, organizations will need to try and minimize the operational impact of that absence. In this case, planned absence presents less of a concern as organizations should be aware of their obligations - such as for paid-time-off (PTO) entitlement - and therefore can plan ahead accordingly. Unplanned absence however by its very nature is highly unpredictable and most often comes with little or no advance warning. This creates an area of volatility for organizations which can have a marked impact on their operational performance (as we discussed under the challenge of ‘Optimizing Responsiveness to Demand and Resource Variability’ for example). If organizations are unable to respond effectively to the variability in demand caused by absence then they will inevitably suffer the operational consequences, or risk damaging workforce morale as other workers come under increasing pressure and workload to make up for the resource shortfall. In the short-term this is less of a problem, but when it becomes sustained it can begin to have a more damaging and longer term impact on the organization. Organizations which are much more adept at responding to resource variability through greater resource scheduling flexibility for example, will be able to mitigate the impact on absence much more effectively.

One final point on absence is the consideration of its relationship with an organization’s ability to accommodate flexible working. In many cases, organizations which are unable to, or unwilling to, provide workers with flexible working options often suffer from an increase in non-critical absence. We shall discuss the challenge of ‘Managing and Accommodating Flexible Working Trends’ separately in this paper. Save to say that addressing this challenge can also improve absence rates within organizations as workers have access to more choices to fit their needs without having to resort to absence.

Managing and Accommodating Flexible Working Trends

The adoption of flexible working arrangements is becoming increasingly common across many organizations. In principle this is because organizations are increasingly recognizing the value that these arrangements can bring such as by attracting and retaining a talent, improvements in workforce productivity and an overall increase in workforce morale and motivation.

Flexible working itself includes many types of arrangements, and some cover areas which are beyond the scope of this paper - such as home working arrangements, reducing business travel, or accommodating sabbaticals or career breaks for example. Yet many are directly relevant - part-time working, job shares, variable hours, compressed hours, staggered start and end times - are all examples of flexible working arrangements which will have an impact on an organization’s workforce management processes such as scheduling and shift management. What is particularly challenging these arrangements is that by their very nature they are tailored to the needs of individual employees. As a result organizations will face a myriad of different arrangements across many different employees. All of which need to be taken into account when performing activities such as resource scheduling, planning and accepting or declining absence requests. These issues add further complexity to the challenges we have already outlined, and if organizations are going to support, or actively encourage, flexible working arrangements, then they must have the capabilities in place to support and manage its impact effectively.

Minimizing Workforce Costs

We highlighted earlier in the introduction of this paper that the workforce accounts for the single biggest slice of the operating expenses of most organizations. Out of this total cost of the workforce, the largest proportion is the direct compensation that the workforce receives in pay and benefits. As a result, the productivity and utilization of workforce resource is a major factor in managing these workforce costs. If organizations are able to meet their operational objectives using the least amount of resource overall and by using the most cost effective resource at any given time, then their overall workforce costs are kept to a minimum or optimal level. Given the scale of the costs involved, improvements made - even by just a small degree - can yield significant reductions in the overall payroll costs of the organization.

There are many factors which can have a negative impact on overall workforce costs, and many are related to the challenges we have already discussed. However they are worth briefly revisiting from a cost perspective.

Accurately mapping resources to demand is perhaps one of the most significant. If the organization has more resource in place than is needed to service demand, the result is the direct costs which are incurred with no corresponding return in value from that cost (lower workforce utilization). If the organization does not have the right resource in place to service demand then it may need to incur more expensive overtime costs to compensate, or to draft in external resources such as agency or contract labor. Both options will incur a higher cost but will not achieve any corresponding increase in value from that resource. Yet having the right resource in place to service demand does not however always mean the most cost effective resource. Organizations will most likely have a variance in the costs of individual workforce resources. For hourly paid workers this cost per hour may vary due to length of service, experience, seniority, skills, training or qualifications for example. During the process of allocating resource to shifts or to specific work tasks for example, there may be several resources that are ‘suitable’ for that allocation, but which each come at a different cost per hour to the organization. This logically extends the phrase we have used previously: right people in the right place at the right time performing the right work and at the right cost.

Factoring this cost variability in to the scheduling process can make a significant impact on overall payroll costs for organizations. It does however add yet another important variable or consideration into the already complex processes of creating and implementing resource allocations.

Managing and Enforcing Compliance and Governance Policies

As well as the significant operational risks that the workforce and its management processes can present (such as failure to meet demand, the financial impact of process inefficiencies, errors and inconsistencies, excessive overtime costs and the impact of fatigue on productivity for example) the direct risks associated with non-compliance against worker related legislation, regulation and policies can be equally problematic. The breadth and complexity of employee related legislation continues to increase and will continue to do so. Coupled with the impact of union-related demands and the often complex results of collective bargaining agreements mean that organizations often have to implement and manage a complex set of rules and policies to their workforce activities to minimize the risks of non-compliance. For all organizations this can be a challenge, even for those with a relatively small workforce. Yet for many organizations the challenge will be even greater. Organizations with multinational operations will have to deal with a multitude of different forms of legislation across many different jurisdictions. Organizations in highly regulated industries will have the added complexity that these regulations impose. Organizations with a more diverse workforce structure such as; hourly paid and salaried workers; full time, part time and contract workers; union and non-union members, and white and blue collar workers for example, will have to apply many different work, pay and benefit rules across these different worker groups.

We believe that these issues will continue to gain momentum for a number of reasons. From a legislative perspective and for organizations with operations within EU member states especially, there is a general trend towards employment legislation which is biased toward the needs of the employee rather than the employer. This legislation will continue to provide employees with more rights in relation to work flexibility and welfare issues. The definition of employee is also been widened and as a result the employer's obligations are increasingly enveloping indirect employees such as temporary, agency or contract workers. From a cultural perspective, employees are increasingly demanding and expecting more flexible working arrangements, work-life balance and other benefits. This will be enacted not just through legislation but also through collective bargaining agreements between groups of employees and the employers. While these all increase the level of obligations for organizations, there are other factors which can influence and increase the number of non-compliance claims brought against an organization. The rise in the 'where there is blame theirs a claim' and 'no win no fee' marketing activities amongst the legal community will continue to appeal to potentially aggrieved workers, especially in the current era of austerity.

The impact of non-compliance can have wide ranging ramifications that go beyond the costly financial penalties imposed or the compensation that is awarded to employees. Investigating and defending non-compliance claims - often through lengthy legal proceedings - can consume significant amounts of human resource, not just from the HR department but also from other supervisors and operational managers which can divert effort away from more value creating work. Depending on the severity of the non-compliance claims, costs can also escalate when expensive external legal advice and support is required. Non-compliance can also have a significant impact on the morale of the workforce, especially when breaches become more frequent. The results of which can often leach out and have a diverse impact on the organization's brand and reputation which not only has an impact on customers, but also the ability to attract and retain a valuable workforce.

Many organizations are now discovering that their existing HR applications or their existing approaches to compliance is rapidly outstripping their current and future needs. In many, if not most organizations, these compliance rules are often documented in static policy documents which are then applied by HR and finance teams and other supervisors and managers. As these compliance rules increase in complexity, then so does the complexity of the policy documents. When left to interpretation and human judgment, the outcomes will inevitably vary and this in itself creates an environment with a high risk of non-compliance. It also takes a significant amount of resource and effort (and thus cost) to ensure that these policies are applied consistently across the entire organization with no guarantee that they will prevent or reduce potential non-compliance risks.

Instead, what is required is the ability for these complex rules and policies to be codified, integrated and consistently applied directly within the relevant workforce processes - at the point where they are actioned and at the place where they are actioned. For example, the rules and policies which govern issues such as working hours, rest periods, shift patterns and absence rules need to be directly integrated and enforced into the resource scheduling process. This ensures, for instance, that resources are not scheduled for work that would cause a potential compliance breach. The same approach applies for other processes such as managing pay and accrual calculations or managing and processing absence requests, for example. This approach can significantly reduce the risks of non-compliance. When non-compliance claims do arise, it also enables the organization to have access to a full audit trail of the rules and policies applied and the outcomes of these actions which can be used to provide support and evidence to defend those claims or in preparation for compliance audits. When changes in legislation occur or the organization updates or implements new policies, they can be quickly and consistently applied across the organization. Workforce morale also improves by providing workers with a much greater level of transparency and fairness in relation to the decisions made.

However, achieving this level of codification, integration and the consistent enforcement of policies and rules in our view is simply not possible when these processes are performed manually using spreadsheets, basic scheduling solutions or even using the limited capabilities of many existing HR applications. It is however a fundamental aspect of a capable Workforce Management Solution and we find the support for complex compliance issues are embedded across most areas of functionality such as time and attendance, scheduling and absence management - all of which will be discussed in more detail shortly.

Managing Workforce and Process Complexity

Addressing many of the issues which we have highlighted so far - such as responsiveness to demand and resource variability, accommodating employee flexibility, management of workforce fatigue and enforcing compliance and governance policies for example - are all significant challenges in their own right. Each requires an organization to navigate a complex array of interrelated processes, variables and constraints in order to achieve the optimal outcome for the organization - i.e. minimizing workforce costs, maximizing workforce value and mitigating workforce risk. Yet most of these challenges are not, and indeed cannot, be addressed in isolation. When combined however, the level of complexity can grow exponentially and this in itself has the potential to derail an organization’s best attempts to address them. For organizations which rely heavily on manual processes and significant levels of human effort to manage these complex workforce processes, this will present a particularly difficult challenge to overcome.

At this point it is perhaps worth clarifying exactly what we would define as a manual process in this respect. Organizations may automate certain aspects their workforce processes, such as data capture using electronic time clocks, online timesheets or online form submission for leave requests, for example. They may attempt to use a plethora of spreadsheets with formulas for creating demand and resource forecasts, resource schedules and shift rotas for example. Or they may communicate information and instructions to the workforce using email or company portals for example. While these may be considered as a form of automation to a certain extent, the overall processes are still largely performed manually. That is because they are still heavily reliant on human resource to process, check and interpret information, make judgments, apply rules and policies, perform calculations, update or enter information across different systems (such as payroll), make decisions and communicate outcomes for example. It is often these latter manual aspects which are the most challenging to address and why, in many organizations, they are still performed manually.

Yet this reliance on manual processes makes addressing the issue of complexity particularly challenging especially for those organizations with multi-site or multinational operations. Not least because humans are notoriously bad at dealing with complexity. Simply applying more resource in an attempt to keep on top of it, only serves to add more administrative overhead (and thus costs) without any significant improvement in the overall outcome. The productivity of non-HR resources can also be diminished as they spend more time dealing with the burden of administrative tasks rather than the more value-adding activities for which they are employed.

Take one example that we see frequently in many of the organizations with which we work - the process of schedule creation or resource allocation. First and foremost the organization must identify what resource is going to be required, when it is required and where it is required in order to service demand over a future period. The organization then needs to identify which resources are able to fulfill that requirement - such as by role, skill or location for example. Consideration then needs to be given to any constraints against the use of those resources such as availability, shift preferences, recent hours worked, rest periods needed so on and so forth. The organization then needs to factor in the cost that each qualifying resource represents in order to prioritize the most cost effective resource selection. Finally the organization then needs to communicate that resource allocation to the resources themselves. Once implemented, the organization then needs to track actual performance against that schedule and make adjustments accordingly when any exception to that plan occurs - such as any variability in performance, demand or availability which will inevitably occur to some degree. The complexity of this process is then multiplied across the different areas of the organization (such as across different locations, teams, department or production lines for example) and then by the number of resources and breadth of resource types that the organization has. The cycle then continues.

While the complexity of the overall process can be reduced by breaking the tasks down into smaller more manageable chunks for instance - such as scheduling at the team or department level - this can significantly increase the amount of resource and overhead costs that are required to manage those scheduling processes. Yet it still does not overcome the challenge that human resource will face when trying to determine the optimal outcome. There are simply too many variables and 'what-ifs' for us to assimilate effectively and this creates a limit on the efficacy of the overall resource scheduling or allocation process.

This is just one example and complexity will exist in many other workforce management processes. Complexity is not something that can be avoided especially in an environment that relies heavily on manual processes. Its impact however is something that can be managed by applying the right tools and techniques. While we do not want to pre-empt our discussion on the capabilities that Workforce Management Solutions provide at this point, it is worth noting that technology solutions can deal with complexity far more effectively. Applied correctly they are able to augment these human decision making processes by assimilating large numbers of variables and scenarios almost instantly and recommend the most optimal outcome. This alone can produce much more effective responses in a much shorter time, as well as greatly reducing administrative costs by automating much of the horsepower needed yet still leaving the final decision and implementation to human resource.

Operational Flexibility vs. Strategic Agility

Many of the issues which we have highlighted so far are focused largely on achieving a greater level of flexibility within the organization’s day-to-day operations by implementing more efficient and responsive workforce management processes. Yet these challenges can also transcend the operational environment and impact the organization at a more strategic level. This is where we make a clear distinction between operational flexibility and strategic agility.

Strategic agility refers to an organization’s ability to take advantage of opportunities or successfully counter threats that arise from unpredictable changes within their market, or environment. Being an agile organization should not just be seen as a response mechanism, but also a competitive tool that management can use to their advantage. It's a capability that needs to permeate throughout every facet of the organization from sales to finance, manufacturing to research and development, and marketing to operations. The workforce is a critical component of that capability, and if organizations are unable to mobilize their workforce assets with speed, flexibility and nimbleness, then an organization's attempt to become truly agile will be futile.

Turning strategy into execution is mostly a combination of information and process flows. Senior management make strategic decisions which then need to be implemented at an operational level, often involving changes to workforce activities and processes. The results and outcomes of these activities then need to be measured and communicated back to senior management who can assess the outcomes or progress of those decisions. Implementing strategic decisions is rarely a binary process and will continually undergo a process of measurement and refinement. This forms a continuous feedback loop between strategy and execution. When those information and process flows are inefficient (or as in many cases we come across - nonexistent), it becomes difficult for senior management to have the confidence that their strategic decisions can be implemented with any speed or efficiency. This is one of the most common factors which we come across that prevents organizations from realizing their agile aspirations.

To overcome this barrier to strategic agility, organizations must develop two fundamental capabilities. First are efficient and flexible workforce management processes that enable the deployment of workforce resources in response to strategic requirements. Second is an information capability which enables information from workforce activities to be captured and communicated throughout the organization to provide visibility of the results and progress of strategic goals. We will discuss this latter challenge in more details under workforce intelligence and analytics.

Mitigating Workforce Risks

When many people talk about risk in relation to the workforce, it is often limited to the risks of non-compliance of employee legislation, industry regulation or internal agreements and policies. Yet workforce risks extend far beyond just non-compliance and can impact the organization at every level and in many different ways. As with risk management in general, senior management must understand how and where these risks can arise if they are to ensure that they have the tools and procedures in place to mitigate those risks.

Workforce risks can generally be defined as any workforce issue which could pose a risk to the an organization's performance, or delivery of its outputs, and can be categorized in the following key areas;

Compliance Risk - While some organizations may be less able to manage compliance risks than others, it is an area of risk which is well understood especially within the HR community and does not require any further explanation in this paper. Save to summarize that this area of risk covers all issues that potentially places the organization in breach of government legislation, industry regulation or internal agreements between the organization and its workforce such as collective bargaining agreements or union related agreements.

Financial Risk - This area of risk relates to all workforce issues that result in a direct or indirect financial consequence. This includes the costs relating to damages, settlements, fines and the cost of investigations and legal procedures in respect of compliance issues. However it also includes financial risks that arise from the inefficiency, variability and unpredictability of the workforce or its management processes. These financial risks are often less obvious and arise from issues such as excessive overtime costs as a result of poor scheduling and shift planning processes, excessive workforce costs incurred through poor workforce utilization levels and missed revenue opportunities from failure to meet demand for example.

Operational Risk - This area of risk relates to all workforce issues which impact on the organization's ability to deliver its products and service to market successfully. These may include issues such as the impact of absence or resource availability on meeting operational requirements, failure to accurately predict demand for resource, the impact of product or service delays on customer satisfaction or the impact of workforce fatigue on health and safety, performance or quality for example.

Strategic Risk - This area of risk relates to all workforce issues which have an impact on the organization's longer term goals and typically can have a more profound or longer term impact that can often be difficult to recover from. These may include issues such as the organization's inability to respond to new opportunities or threats that may arise, shortages in resource or critical skills in response to growth, damage to the organization's brand or reputation as a result of sustained customer service or quality issues for example.

There will of course be much overlap between these areas and one will often lead to another. For example, most form of risk will ultimately lead to some indirect financial impact on the organization. However the above serves as a broad attempt to conceptualize where workforce risks may arise in the organization and how they might arise.

Many organizations don't look beyond workforce compliance as a source of workforce risk and often place the risks that arise from financial, operational and strategic issues as a consequence of their operations. In our view that is a mistake which senior management must address. If we take the formal dictionary definition of risk - a situation involving exposure to harm, loss or danger - then all of these issues are, and should be, classified as forms of risk like any other. As a result they must fall under the attention of senior management to ensure that they are part of the organization's assessment and response to risk. While risk cannot be eliminated completely in most cases, the impact of those risks can be mitigated through investment in more robust and effective workforce management processes and the deployment of capable tools to support those processes.

Attracting and Retaining a Valuable Workforce

It's become common in business-lore that an organization's workforce is its most valuable asset and many of the points that we have highlighted so far in this paper go some way to explain why. It is also the reason why the challenge of attracting and retaining a valuable workforce is a high priority for senior management in most organizations today and one which is recognized as a key driver behind their competitiveness and future growth prospects. Creating the right environment and fostering a culture which supports that goal is of course critical and covers many diverse factors such as: compensation, rewards and benefits; the physical working environment; career prospects and progression; learning and development opportunities; employee welfare, flexibility and support for a healthy work-life balance are all just a few examples. It is a goal which is rarely achieved through the implementation of a single strategy, but the collective result of a great number of smaller contributing factors. Making improvements to an organization's workforce management practices can provide many of those positive contributions and together can make a significant contribution to the overall goal.

Perhaps most importantly these improvements enable organizations to accommodate a much greater level of flexibility. As we have touched on previously, this is becoming an increasingly common trend and one which will only continue to increase. If organizations are able to support this greater flexibility - without being compromised operationally, strategically, or financially - they are not only able to keep up with the evolving needs of the workforce, but more importantly use it as a competitive HR tool. It should not be underestimated how big an impact this can have on the workforce. The results of many studies tend to agree that accommodating greater flexibility can be perceived as far more valuable than an increase in financial compensation. By enabling the workforce to have a much greater input into their work times, shift patterns and preferences, the ability to accommodate short-notice changes or greater flexibility in accepting absence requests, for example, can significantly improve workforce morale and loyalty. The ability to support this flexibility is the result of more efficient and precise scheduling processes. This ties in to the issue about the better management of workforce fatigue and enables the organization to have a greater level of control in the scheduling of the correct break, rest periods or shift patterns. A less fatigued workforce brings with it greater job satisfaction as well as the reduced risk of work related stress, ill health or accidents.

Improvements in the efficacy of workforce management processes also provide the workforce with a greater level of fairness, transparency and consistency. Consistently applying compliance rules reduces the number of potential non-compliance risks. Reducing payroll errors through greater accuracy in ‘time-to-pay’ processes protects the workforce from potential financial stress which these errors can often cause. Codifying compliance rules and the organization’s policies remove the variance that human judgment creates and provides more consistent decisions across the workforce such as for absence requests for example. There are of course many more. Not only do these have a potential positive impact on the organization more broadly (as previously highlighted) they can also have a big impact on workforce morale, and thus retention. Unlike accommodating flexibility however, these benefits are only realized by their absence, and less is certainly more in this case. Even just a small number of incidents create a ‘bad press’ for the organization which can begin to have a big knock on effect. Once small pockets of the workforce feel cheated or unfairly treated, their dissent can quickly spread. This of course creates the risk of an unhappy or disengaged workforce, and worse still, can leach out of the organization and affect the organization’s reputation in the eyes of future employees. When these issues become sustained they can easily override the positive elements and begin to have a big impact on the organization’s ability to attract and retain a valuable workforce.

It can take a long period of time and much effort covering many different areas to create the environment that can significantly help with the challenge of retaining and attracting a valuable workforce. Yet it can also be undone much more quickly. A single strategy decision - especially one which is badly planned, implemented and communicated - which can have an adverse impact on the workforce can have a disastrous consequence on workforce morale and retention. For organizations to mitigate this risk, their workforce management processes must provide a platform on which these potential changes can be managed and implemented with a least adverse effect on the workforce.

While Workforce Management Solutions offer no silver bullet to these retention and acquisition challenges, they can provide the underpinnings for organizations to build workforce management processes which can foster a greater level of workforce morale and engagement.

Leveraging Value from Workforce Intelligence and Analytics

So far our main focus has been on the overall efficacy of workforce management processes. Yet equally important is the value which can be leveraged from the data or information emerging from these workforce processes. While we have left this to the end of this section it should not imply that it is the least important issue to address. In part this is because we have presented these issues in a more logical order rather than by one of priority. However it is principally because if organizations are to leverage this value, it can only be achieved once many of the process related challenges are addressed beforehand. As a result of the greater use of automation and the implementation of more capable Workforce Management Solutions to underpin those processes, organizations also benefit by having access to much more granular and a richer source of workforce information. If leveraged, this information can be invaluable in helping the organization optimize the value and effectiveness of their workforce assets and provide greater insight into the alignment between the workforce and operational, strategic and financial objectives.

The use of Business Intelligence tools and techniques has been used by many organizations for many years and with much success. Yet their use is too often limited to the data which is generated by systems which are more transactional in nature such as commerce, finance and ERP systems. In our experience, their use in the workforce or HR space is very limited. In the main this is because manual or inefficient workforce management processes - or those which are largely focused on administration - simply do not produce information in a way which can be effectively used by these Business Intelligence tools. As a result, organizations effectively operate with an invisibility cloak shrouded over their workforce activities. They are often aware of their overall impact, such as their financial cost through the total payroll expense or through the delivery of their products or services to market, but often know little about how effectively they perform their activities. Where information is produced, it is often the result of manual preparation using spreadsheets or basic reporting tools. Due to the high cost of collating and preparing this information, and the length of time taken to produce it, organizations typically reserve it for information which is deemed as a need to know.

In our view this is a situation which can severely disadvantage organizations. We have already stressed the level of cost, value and risk that an organization's workforce represents. It then surely follows that if organizations are to minimize the cost, maximize the value and mitigate the risks from their workforce assets, they need to have a deeper insight into its activities. This insight should not however just be limited purely to workforce activities such as workforce costs, overtime, expenses, resource utilization, and absence trends and so on. While this insight, of course, is very valuable - and alone will help organizations make more effective use of their workforce assets - it must be remembered that the workforce is a (major) component of the organization's operations. Therefore a truly effective workforce intelligence capability must bring together workforce data with data from other operational and financial systems. These might include the relationship between, or impact on: production output; order to ship times; response times; service levels; plant utilization; project and job costing; or customer satisfaction and renewal rates, for example. This enables organization to gain insight into the impact that their workforce activities have on the organization's outputs, which can then be fed back into workforce management and planning processes. This continuous feedback loop between workforce, operations and strategy is rarely seen, yet can have quite a remarkable impact within organizations that have developed such capabilities. It is often encapsulated in an emerging concept known as Business Execution, and while the deeper discussion of this is outside the scope of this paper, it is an interesting concept of which workforce intelligence plays a fundamental role.

This enables organizations to develop a portfolio of key performance indicators, scorecards and operational metrics for example, and which are based on accurate real-time workforce and operational data. Not only does this level of insight provide an opportunity to make continuous operational improvements, they also provide senior management with the insight to make more informed strategic decisions.

If organizations are to create an effective workforce intelligence capability where these insights can be leveraged, they need to address three key areas. The first is data capture and is perhaps the most fundamental. If organizations do not capture workforce and workforce activity information at a highly granular level, they will simply lack the ability to gain insight from it, no matter what else the organization does. By addressing many of the challenges which we have so far highlighted in this paper, coupled with the implementation of a capable workforce management platform, organizations will have the data foundations on which a workforce intelligence capability can be built. Building these foundations is a critical first step, but without the capability to develop insight from it and leverage value from that insight, then it will have become a costly and largely pointless exercise. And this is the next key area that organizations need to address.

Organizations must develop a capability through which this workforce information can be accessed and disseminated to those that need the information - such as operational or HR management. That means that the reporting and analytical tools which are used, need to be user friendly and intuitive. This ensures that they can be used by non-specialists (such as data analysts) users who require only a basic level of IT knowledge. By removing these technical barriers, we often see a significant increase in their use by line of business and senior management performing more queries or ad-hoc analysis to guide their decisions. For information needs that require a more complex analysis, or where a particular set of information is required repeatedly, the mechanism to create pre-designed reports and analyses which can be automatically generated and communicated at a predetermined frequency is also an important feature to consider. This can also significantly reduce the administrative burden (and thus costs) which the organization expends on manually recreating reports each time they are needed. This approach can also be used to create a library of reports which can be accessed on a self-service basis as and when the information is required.

There are also other trends within the Business Intelligence space which are helping organizations leverage greater value from information and these can also provide value in respect to workforce intelligence capabilities. Data visualization for example enables organizations to present information in a more graphical way - such as through dashboards or heat maps for example - rather than through the traditional tabular form which is often populated with dense information in raw form, making it difficult to interpret or to identify trends. Predictive analytics is another rapidly growing area where solutions which use sophisticated algorithms can be applied to existing information to develop predictive models. This is an interesting area that could have a significant impact on organizations workforce intelligence capabilities. However, these are areas which are beyond the scope of this paper and are addressed in our broader Workforce Intelligence and Analytics research.

Having the data foundations in place and the availability of the tools to leverage value and insight from that data - is a challenge that should not be underestimated. Yet the final challenge for organizations to address in this area is one of culture. Where Business Intelligence initiatives more broadly have failed to deliver their ultimate objectives, it is often because of the organization's ability to foster a culture where managers recognize the value that intelligence and analytics can bring to their roles and responsibilities. The result is that many of the expensive tools and processes which are put in place simply go unused. We believe this is a particularly difficult challenge in the area of workforce intelligence, mainly because, as we have already touched on, many organizations have become accustomed to the current modus operandi.

Once these three components are in place - the data foundations, efficient analysis and reporting tools, and a culture which promotes the use of workforce intelligence - organizations will be well placed to derive significant benefits from it. Exactly how these benefits are realized and what those benefits are will be unique to every organization. However some of the benefits that we often see as a result are: more successful outcomes from evidence-based decisions; a greater confidence in those decisions; a greater understanding of the relationship and impact of workforce activities on operational, strategic and financial performance; a more comprehensive view of workforce costs and how and where they are incurred; more efficient utilization of workforce assets; the ability to identify trends and patterns which lead to pre-emptive action to respond to opportunities or potential threats; improved accuracy in forecasting, planning and budgeting processes; and a greater level of accountability of workforce assets and its activities.

This area of workforce intelligence and analytics is a major challenge and opportunity in its own right, and is the subject of further separate Infogencer research. However, we hope that the above provides readers with the salient points needed to understand the importance of its role within the workforce management domain. Not only do Workforce Management Solutions provide a level of intelligence and analytics capabilities in their own right, the formal structures and governance they provide for both workforce data and processes is a significant contribution to developing this level of workforce intelligence capability.

About Infogencer

Infogencer specializes in the independent analysis and comparison of information technology solutions and services from a business perspective. The core focus of our analysis is on the capabilities which they provide and how organizations can leverage those capabilities to improve their operational and strategic performance.

We work closely with senior business and business-oriented IT management by providing them with the trusted source of clear and concise information which they need to make more effective technology selection and investment decisions, and which are predicated on solid business benefits.

Our research services are delivered via articles, papers and continuously updated major reports which are accessible through an annual subscription service. We also provide individual clients with tailored advisory services to support them with their internal projects or bespoke analysis requirements.

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