ChartHop

FOR FINANCE LEADERS

The CFO's Guide to Efficient Workforce Planning

What's Inside

The role of the CFO has evolved dramatically in recent years. Not only are you responsible for financial management, but you're expected to provide strategic guidance and direction for your entire organization. Strategic workforce planning is an integral part of this role, as it helps CFOs like you operate more efficiently and forecast more accurately.

This guide will breakdown how people data and operations can be your secret weapon to strategic workforce planning, ensuring you have the right people in place to achieve your business' goals.

How Can People Data and Operations Help CFOs?

Providing insights about individual employees, the organization as a whole, and everything in between, people analytics helps you optimize your workforce strategy and make better people decisions. Think of it as a CFO Swiss Army Knife, an indispensable piece of your toolkit that maximizes results.

Alyssa Nowicky, People Analytics Manager at Even Financial, says:

“

Having people analytics located in a centralized location where everything is standardized makes sure everyone is planning along the same process and can see how decisions impact the business. It ensures we’re making the proper workforce decisions down the road.

The insights provided by people analytics gives you the ability to make informed decisions regarding compensation planning, DEIB efforts, and employee engagement. It also allows you to invest in people responsibly and intentionally, so that your budget balances and your people feel valued. By leveraging people analytics and solutions for workforce and compensation planning in the same platform, you can make the most of your resources and ensure your workforce is planned efficiently.

Check out our Financial Statements Worksheet to uncover some of the top inefficiencies and in turn boost profitability.

Get the worksheet →

Why Headcount Planning Has Traditionally Been So Complex

The volatility of the current environment adds enormous complexity to headcount planning. But even without these unusual circumstances, headcount planning has never been easy.

Quite the opposite, the number of considerations and moving pieces that go into headcount planning, particularly for organizations of a certain size, have made for a historically challenging process. Overall, headcount planning requires aligning a long-term strategy with short-term operational efforts, and blending those two elements requires deep visibility and collaboration across the business.

The biggest complexities with which CFOs have traditionally had to contend include highly manual planning solutions, lack of collaboration and visibility across the org, and finally, overlaying internal mobility with external hires. Let's dive into each of those complexities.

COMPLEXITY 1

Highly Manual Planning Solutions

Historically, headcount planning has been a highly manual process that takes place largely in spreadsheets. Not only does this method create inefficiencies throughout the process, but it also introduces room for human error, like mistakenly hiring for not yet approved roles or double-counting roles.

The manual nature of all this can also slow down processes like approvals for new roles. These approvals typically need to go through multiple layers, but it's very difficult for Finance leaders making those approvals to get a sense of where the rest of the organization stands and what headcount plans look like across teams when all of that information lives in ad hoc spreadsheets.

Further, the manual processes make it more difficult to apply information from compensation bands, forecast budgets, integrate benefits and equity data, and overlay recruiting costs. It only becomes more complicated for teams that hire globally and need to manually update exchange rates for currency conversions. Together, this makes keeping everything up to date an extraordinary feat and means it's out of the question for teams to maintain any kind of alignment between headcount planning and efforts like performance management and compensation planning. Additionally, there's no way to quickly visualize the difference between scenarios based on cost variables, like hiring eight more junior people vs. five more senior people.

As organizations grow, the manual nature of these processes only becomes more cumbersome. At a certain point, it's nearly impossible: Keeping track of 200 potential roles, including how they might impact budget, revenue, and overall org structure is nearly impossible in a spreadsheet. And as roles are filled, keeping track of the ever-evolving open headcount becomes just as difficult.

In response to these challenges, what teams really need is a way to automate this entire process, from approvals to merging various scenarios across teams to updating the status of roles as they get filled. This type of automation is also essential to making sure finance teams can efficiently account for any changes, such as raises and promotions, in their overall business plans.

COMPLEXITY 2

Lack of Collaboration and Visibility Across the Organization

- One major downstream impact of highly manual processes that rely on spreadsheets is a lack of collaboration and visibility — both of which make headcount planning extremely difficult.

  While the Finance and HR teams should join forces to lead headcount planning, each department manager and the entire executive team should have a sense of ownership in the process. However, all leaders need to have the proper visibility into other teams' plans, potential growth scenarios, and compensation bands (including equity and any variable pay) in order to play this collaborative role.

  Granting the necessary visibility becomes challenging in spreadsheets, as Finance teams often need to lock down planning information to protect sensitive employee data, like company-wide pay. Unfortunately, because spreadsheets don't have granular sensitivity controls, managers also end up getting locked out from information they do need to see to participate in the planning process. This situation creates significant red tape by requiring managers to rely more heavily on finance and HR for planning details, making it incredibly challenging to scale a company while operating nimbly.

  Ultimately, there are two ways to do headcount planning. Teams can build plans in isolation before bringing them up for approval... but this way generally creates conflicts across the organization and leads to a huge sprint to get everything approved in time.

  The more successful approach is a highly collaborative one in which leadership aligns on a high level plan, including a number of new headcount with budget constraints and rough expectations on how that will play out across the organization. Then they distribute that plan across teams and work with managers on specifics within the broader framework. This approach leads to fewer conflicts and more time saved. But working within a more collaborative framework is nearly impossible when relying on spreadsheets.

Easing the complexity with best practices for strategic headcount planning:

- Bridge the gap between company strategy and workforce strategy
- Adopt an aligned approach to headcount planning
- Practice data-driven headcount planning
- Prepare for the unexpected

"ChartHop reduces the operational hurdle of the dreaded annual planning process and allows managers to access accurate people data any time they want. This has allowed us to make more thoughtful personnel decisions throughout the year and provided increased transparency to all of our employees."

Jordan Wan
CEO at CloserIQ

COMPLEXITY 3

Overlaying Internal Mobility with External Hires

- Headcount planning requires teams to overlay internal and external factors, both of which are quite variable. Specifically, once you have an ideal org structure in place, you need to consider what roles can be filled internally (and what new gaps that might create) and what roles should be filled with net-new hires, then how each route will affect your overall workforce budget.

  In terms of internal mobility, it's important to understand the skill sets and competencies your existing team has, as well as the areas each of those people wants to grow into. This type of skills mapping and potential upskilling will help support growth from within the company, which can create a better employee experience and ultimately reduce recruitment costs.

However, prioritizing internal mobility does have a downstream impact, such as:

- Creating new gaps that need to be filled with external hires as existing employees advance into new roles.
- Delaying filling a role if someone internally who will take on those new responsibilities needs a few more months to be ready.
- Understanding the cost impact of promotions and properly applying raise amounts based on meeting certain requirements.
- Thinking through span of control so that managers aren't spread too thin and employees feel supported.
- Assessing the cost implications of hiring externally versus promoting from within.

COMPLEXITY 3 CON'T

Overlaying Internal Mobility with External Hires

Another big factor that impacts internal mobility is attrition risk. Taking the time to understand who might be a flight risk will be essential to headcount planning going forward. Factors to consider include those who have received low performance reviews, haven't earned a raise in the past year, and who are fully vested in any equity your company offers.

Based on this information, you can align with your People leader and other executives to make plans to help retain these people (if appropriate) and also develop contingencies in the form of succession plans that identify who can take over a high priority role if someone leaves. Succession planning is particularly important for C-suite and other leadership roles that need to be filled fast and effectively to maintain business operations.

After you've partnered with your People teams and hiring managers to determine what roles can be filled internally, identified potential gaps that may create, and detailed any succession plans, it's time to consider external factors in hiring. These factors include everything from how much time you'll need to hire and onboard new employees so they're ramped in time to contribute to revenue goals to how you'll differentiate your company and structure competitive compensation packages.

Investing in People and Tech for Sustainable Growth

When looking at the balance sheet, you'll likely see that your company's greatest investments are in people and technology. By thinking strategically, these typical big budget areas can be a source of cost-savings and long-term growth.

Streamlining your tech stack for streamlined decision making

We know Finance teams need to leave the "data wrangling" job behind. But actually doing so is often easier said than done when the majority of numbers live in disparate point solutions and spreadsheets. As new needs — and, with them, new technology — come about, you always need to keep the bigger picture in mind. Ensuring all of your people data is in one place is the first step, because without that connection, data wrangling will always trump insights and analysis when it comes down to tradeoffs given time and priorities.

Here's a snapshot of the core solutions you need to have in place to support continued growth and questions you and the People leader at your org need to ask as you evaluate business needs against budget. We'll dive into each on the following pages.

- Headcount Planning
- Comp Management
- Employee Engagement

Headcount Planning

The ability to move past spreadsheets and actually visualize what you're planning makes it possible to bring context to everything you do. It means you can back up your most difficult headcount decisions with data (and even the not so difficult decisions, too). To top it off, automated workflows save time previously spent on meetings and emails so you can devote more effort to actually taking action…or a well-deserved break.

QUESTIONS TO ASK

What types of planning can we do?	Look for a sandbox environment that can model various workforce changes — headcount planning, succession planning, promotions, backfills, and other scenarios.
Can we collaborate securely?	Protect sensitive data with the ability to manage access levels and share only the relevant details.
Can we track costs in real time as we make changes?	Stay aligned by giving your finance team a real time view into changes as you add or remove jobs or promote employees.
Can we combine departmental plans for a big picture view?	Make sure it's easy to combine scenarios from different leaders for their departments for a clear, aggregated view of your entire organization.
How do changes get approved?	Establish a configurable approval workflow for consistent and efficient headcount plan reviews.
Can we automatically push new roles to our ATS?	Trust us, your talent acquisition team will thank you.

Compensation Management

Compensation is typically every organization's single biggest budget item. It's too important — and too complex — to handle in spreadsheets and a tangle of point solutions.

That's because there's a lot to balance when it comes to compensation: You don't want to underpay because you have to be competitive enough to attract and retain top talent (critical to achieving business goals), but you also don't want to overpay (what kind of CFO would you be if you did). At the same time, you have to consider the equity of your pay practices to avoid any differences in pay based on factors like gender or ethnicity. This is where a strong partnership with the People team comes into play when thinking through compensation strategy and tech solutions.

QUESTIONS TO ASK

Can we provide access in a secure, controlled way?	Share what you want and keep the rest private. Granular access controls empower managers to participate in the planning process.
How can we reduce errors in compensation planning?	Look for a solution that can manage the end-to-end process and support collaboration so you can avoid the inevitable copy/paste errors.
Can we visualize all salary and equity in a single place?	Empower everyone to understand the full picture of compensation by viewing base and variable salary alongside equity.
What other data can we see alongside compensation?	Save your team the headache of managing dozens of point solutions by putting compensation management in context alongside performance, equity, comp bands, and multiple other sources of people data.
What if we have a non-standard compensation review process?	You want a solution that fits your org, not the other way around. Create flexible budgets, guidelines, and approval flows to support compensation review cycles unique to your organization in a single place.
How do we manage comp for a distributed team?	A configurable platform will allow you to build compensation bands that include base, variable, different currencies, or equity and tailor them by department, geography, or other categories that best reflect your organization.

Employee Engagement

The cost of losing an employee equals 1.5–2x their annual salary. Help your People leader get in front of what would be an unnecessary expense by leveraging a people data and operations platform that includes surveys to spot gaps in your workforce so you can take action before it's too late.

QUESTIONS TO ASK

Can we access employee survey responses alongside other data?	More context = more insight. And that's how you can make your decision-makers decidedly more decisive.
How can we take action on employee survey responses?	Reporting on responses in a dashboard offers great visibility, but be sure not to conflate visibility with action.
Can we ask demographic survey questions?	Understanding everything from self-reported ethnicity to food allergies is important to planning efforts big and small.
What options do we have to build forms?	Ensure you have the flexibility to tailor the process to your organization or even different teams to maximize value.

Give Your Workforce Planning the Strategic Attention it Deserves

Effective workforce planning can prove a game-changer for any business. It can drive faster growth, greater innovation, and promote a better employee experience that leads to increased retention.

Attaining these results requires a strategic approach to workforce planning. Specifically, it requires Finance leaders to work collaboratively with the executive team, especially HR leaders, as well as managers to think through implications of growing different areas of the business in different ways. It also means Finance teams must have visibility into needs across the business to take a proactive approach to planning for and hiring headcount to avoid scrambling to fill roles after the need has come about.

This alignment, collaboration, and visibility will be even more important for workforce planning going forward, with factors like uncertain macroeconomic conditions, volatility in the job market, and the need to invest in people responsibly creating a unique environment for CFOs.

Fortunately, all of this doesn't have to be so difficult.

With the right technology, your organization can easily facilitate this alignment and deep visibility to overcome the many complexities that have traditionally plagued headcount planning. Instead, what you'll end up with is a highly collaborative, easy to manage, and easy to understand process that incorporates insights from across the organization to build the best possible team for helping your company grow.

Learn more about what it takes to make the most sense of the dollars spent on your people.

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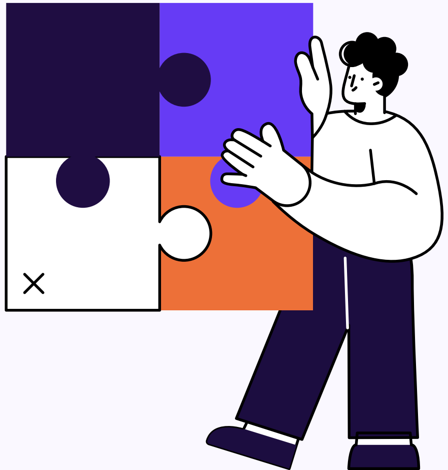

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