



Tech hiring freeze

Ease the blow with
strategic workforce
planning – Workday



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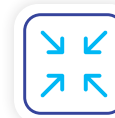
TMT hiring freeze and workforce reduction

Faced with exponential growth and new hiring opportunities since the start of the pandemic, California-based technology companies have shaken up the talent market by hiring outside of their home state¹ at an unprecedented scale. This, among other factors, has contributed to what has been coined the Great Reshuffling. What started as the “Great Resignation” during the peak of the COVID-19 pandemic has become known as the Great Reshuffling due to the sudden increase in experienced talent leaving their jobs to search the job market for more fulfilling roles with greater flexibility.²

In an unexpected turn of events, many of the same players have instituted a hiring freeze over Q2 and Q3 of 2022 due to tightening monetary policy and an increase in anxieties from anticipating a potential recession.³



Twitter announced a company-wide hiring freeze



Tesla announced a 10 percent reduction in headcount



Meta reduced hiring plans for engineers by 30 percent for 2022



Snap announced a 20 percent reduction in headcount



Shopify announced a 10 percent reduction in headcount

While economic pressure is influencing more conservative hiring strategies across the board, the need for talent and specialized skills remains high in the technology, media, and telecommunications (TMT) industry. As technology firms strive for continued revenue growth in an environment that may not be conducive to headcount expansion, it makes sense to explore alternative ways to fill talent gaps where they exist, which sometimes means looking inward. An effective approach to tackling talent gaps without increasing headcount is to enable a robust and effective strategic workforce planning capability. Through workforce planning, organizations can look internally across their organizations to identify parallel capabilities that can be upskilled and transferrable to address talent gaps.

¹ The *Wall Street Journal*, “How the Pandemic Broke Silicon Valley’s Stranglehold on Tech Jobs,” 3/12/22.

² BBC, *Worklife*, “How the great resignation is turning into the great reshuffle,” 12/14/2021.

³ Yahoo!finance, “Apple, Google, Meta: All of the tech companies hitting the brakes on hiring,” 8/1/22.

Challenges and impacts to your organization

To succeed in a hiring freeze, organizations must shift from reactive decision-making to a proactive, long-term vision that harnesses their current supply of talent. Yet, while many leaders understand the need for long-term strategic workforce planning, organizations often do not have the capabilities to plan beyond the operational level.

Hiring freezes and reductions in force can have negative impacts on employee experience due to potential increases in workload, decreased morale, and burnout.⁴ These impacts have implications on the success of the business and make it more important than ever to understand your current talent during a hiring freeze and focus on retention through clear career mobility, reduction of duplicative work, and identifying and rewarding high performers. When leveraging workforce planning to increase focus on internal talent supply, it will serve as the framework for the supporting career paths across the organization and determine where employees can move within an organization.

Leveraging workforce planning to identify demand and gaps in your talent allows organizations to leverage their internal talent pool to see where they can give their employees the opportunity to stretch, grow, or reskill to fill the talent demand, ultimately softening the blow of the hiring freeze.



⁴ spring health, "How to keep engagement high and stagnation low during a hiring freeze," 8/22/22.

The components of workforce planning

Workforce planning is a capability that aims to get the right number of people, with the right skills, in the right place, at the right time to deliver on short- and long-term organizational goals. It provides a framework that helps identify an organization's talent demand and is a tool used to determine where to source from in order to supply those talent demands. This helps fill in the gap from today's workforce and the workforce the organization needs in the future to meet its strategic business goals. This is especially important when organizations aren't bringing in new talent and need to leverage their current skills and capabilities.

Direct benefits of workforce planning include:



Creating the foundation for improved talent outcomes (e.g., reduced time to fill, clear career paths, and reduced spend on external hiring)



Enabling cross-functional partnership with HR, finance, and the business to align planning cycles as well as forecast and control cost



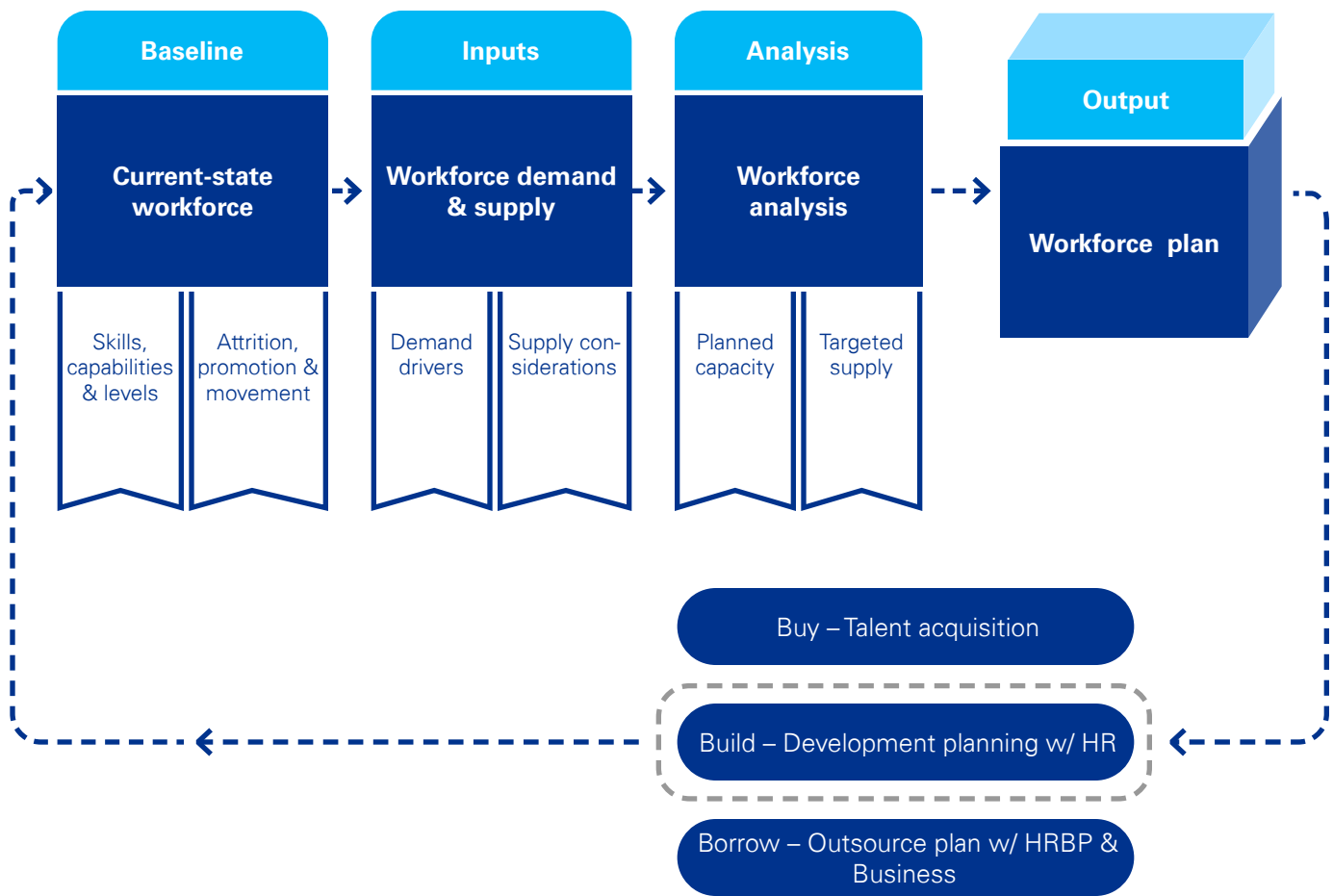
Creating alignment and visibility on demands and needed skills to build value



Increasing visibility into your internal talent supply to create competitive advantage through talent agility and insights

Effective workforce planning requires deep understanding of the demands placed on your organization and the supply available to meet those demands. The demand of your workforce can be determined through key business drivers that dictate quantifiable, forecastable, and consistent insights into your talent needs. The supply is defined by the modalities of finding the right talent and skills to meet your talent demand through the buy, build, borrow talent framework. "Buy" refers to the ability of an organization to acquire new talent from the external talent marketplace. An organization can "**build**" new talent by upskilling or reskilling their existing workforce to meet talent gaps. When an organization "borrows" talent, they are engaging contract or contingent labor to temporarily fill a talent gap. As organizations in the technology industry are experiencing hiring freezes or reduction in force, it is key to focus on the "build" aspect of their talent framework.

An organization's internal talent supply can be thought of as their internal talent marketplace. When the option to supply talent from the external talent marketplace is not available, workforce planning allows organizations to paint a clear picture of the skills and capabilities that are already in their workforce. When demand has been forecasted based on demand drivers (i.e., revenue growth, location growth, productivity gain/loss) and there is a talent gap tied to a specific capability, scenario planning can be used to identify where upskilling and reskilling of their current talent can be used to fill that gap. In order to come to this insight, there needs to be an iterative workforce planning model in place. The model requires a baseline understanding of the current workforce, inputs to understanding the workforce demand and supply, and planned capacity and targeted supply analysis of the workforce. Understanding the gap between demand and supply informs long-term planning and defines prioritization for filling talent gaps, such as which talent gaps would be best suited to **build** in order to meet your talent demand.

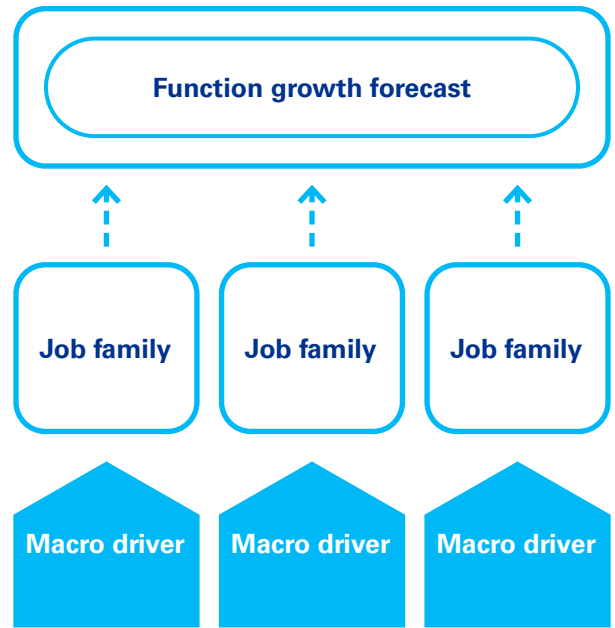
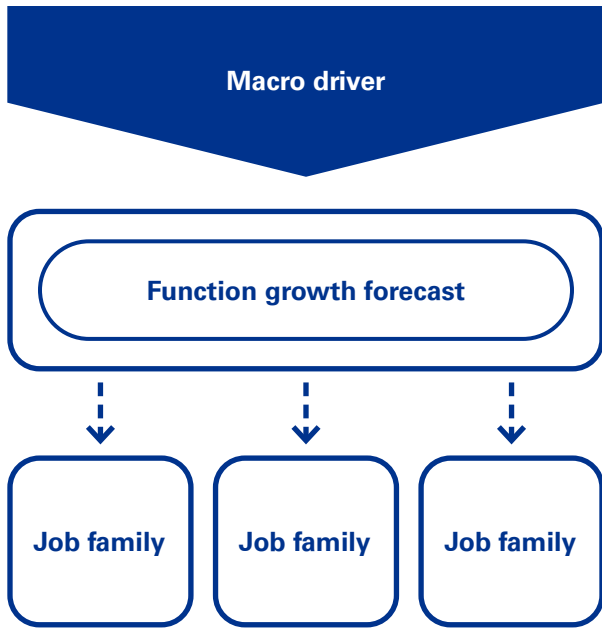


Workforce planning can be analyzed through micro and macro business drivers for strategic and operational workforce planning. These drivers are shaped by internal and external forces that need to be considered when conducting workforce planning. Examples of internal drivers include mission, location growth, and profit goals. Examples of external drivers include markets, competition, regulations, and global events. Since workforce planning is a continuous, evolving process, drivers can be adjusted to fit the needs of your organization’s current situation, and changing goals. Drivers are determined based on a company’s strategic or operational priorities. These drivers serve as the basis for strategies, tactics, and programs/projects necessary to run and grow your business.


Strategic, long-term planning is generally driven by partnership across the business (i.e., finance, HR), creating a directional view to help develop a talent pipeline and

identify opportunities for upskilling and cross-training. Operational, short-term planning is primarily driven by HR to help function leaders create execution plans and most effectively consume the budget.


If planning strategically for the long term (more than two years), organizations typically use a single macro driver to forecast growth for functions. This represents a top-down approach, where the macro driver is an input to the functional growth forecast, which then has downstream effects on the various job families within that function. On the other hand, if your organization is planning for the short term (six months to one year), it makes sense to use micro drivers to plan at the job family level, which has a bottom-up effect on the function.



This is where it is important to use common talent language across the organization for planning in terms of capabilities, job families, and levels, to achieve the organization's strategic goals. Job architecture (JA) represents the value chain of an organization, serving as the infrastructure to provide a transparent, clear process for sourcing, growing, and retaining talent. JA plays a key role in talent recruitment, development, and compensation strategy. JA is an important foundation of workforce planning because it:

- 

Creates a common framework for defining job levels
- 

Provides consistent language for workforce planning and talent management
- 

Aligns job levels from the current framework to understand the workforce



Putting workforce planning into action

Who uses workforce planning?

Workforce planning is a collaborative process. It brings HR, Financial Planning & Analysis (FP&A), and operational business functions together by enabling these groups to speak the same language and align on planning cycles. While its primary purpose is to inform talent decisions, the capability fits within the broader context of putting business strategy into operation. In its most mature form, workforce planning provides your organization's leadership with the ability to prioritize and automate hiring decisions based on the scarcity of skills and on workforce criticality. Beyond the planning process, a mature capability also helps employees understand the different career paths available to them, even those outside of their direct job family. Workforce planning is especially useful to leadership and planning functions (HR/FP&A), but it is also beneficial to the rest of your firm.

What does it take to enable workforce planning?

Historically, organizations have seen technology as the primary enabler of workforce planning. KPMG takes a more holistic approach. Our experience with clients has shown that other dimensions should also be considered and integrated into a workforce planning strategy. These dimensions are important because getting them right will lay the foundation for workforce planning and make sure it is set up in accordance with your organization's specific needs. Integrating them into your strategy will also help organize how different business functions will collaborate to make it happen.



Future-forward organizations are now looking at the following layers of their operating model when putting workforce planning into action:

Dimension	Definition	Key considerations
Functional process	What work gets done?	How do we operate to provide clear guidance in an ever-changing business context? How do we analyze and interpret the data to feed back into the business to drive action?
Service delivery model	Where does the work get done and by whom?	What is the right composition of roles we need to create between HR, finance, and the business with clear roles/responsibilities to work seamlessly and develop a single, shared perspective?
People & organization	Are we capable of doing this work?	How do we lift the skill sets of our team (across HR, finance, and the business) to operate effectively in this new environment, with new technologies to interpret data, drive strategy, and take action? How do we communicate back to our employees?
Data & insights	What information is required for business decisions?	How do we create a new currency around skills and competencies versus relying on an outdated catalog of “job descriptions”? Do we need to rethink our job architecture?
Governance & controls	How is the new operating model governed and controlled?	How do we hold our team accountable for execution against our plans? How do we create governance and feedback mechanisms that allow for iteration and improvement over time?
Technology	How does technology enable the process?	How do we configure our planning technology and efficiently and effectively combine HR and finance data into a single-source-of-truth? How do we sustain its maintenance and tuning?

What is scenario planning and how can it help manage talent needs during a hiring freeze?

Once you’ve laid the foundation for and eventually set up your workforce planning capability, an outcome to expect is the ability to conduct scenario planning. In simple terms, scenario planning simulates variations of talent demand based on business drivers. For example, you can simulate how changing rates of attrition will impact the needed headcount for different areas of your workforce. If, say, your attrition rate lowers due to an industry-wide trend, it is simple to calculate the impact on your workforce using scenario planning. The increased visibility into your

workforce means you will have greater room to prioritize and reorganize your business to meet talent gaps. In scenario planning, you apply your business drivers to your workforce data to get a snapshot of how changes in these drivers will impact your supply and demand. From these insights, organizations are empowered to make more informed talent decisions, which is especially critical during a hiring freeze when talent supply options are limited. In the next section, we will explore how technology enables workforce planning, and eventually allows for scenario planning.

Relevant technology for enabling workforce planning

With the understanding that high-quality job architecture needs to be in place to act as the scaffolding for workforce planning, and knowing which components are essential to a successful implementation, the question remains: “Which tools do I need?” Fortunately, KPMG is a leader in leveraging Workday HCM and Workday Adaptive to stand up an efficient, long-lasting workforce planning process to meet an organization’s specific needs.

Workday HCM

Workday HCM can be used to stand up a robust job architecture that yields supporting data and KPIs that will serve as the building blocks for a framework to manage and automate the demand, output, and supply for the workforce planning process.

Examples of Workday HCM outputs that power workforce planning include demographic and job-level data (current workforce by location, job profile, and management level), as well as KPIs and automations that support labor forecasting (attrition rate calculations based on terminations and average time taken to fill a position) and better facilitate how the current workforce is managed (open positions that have been filled and automated position creation).

Workday Adaptive

Using outputs from Workday HCM, Workday Adaptive enables and automates aspects of the workforce planning process and gives it a centralized place to live, reducing reliance on spreadsheets and manual processes.

Once the components of a workforce plan are in place, Workday Adaptive can be used to automate its systematic analysis, reporting, and sustainability. For instance, it can

be used to track and manage top-down headcount planning and bottom-up headcount planning using drivers based on revenue or other factors, and to host the workflow for headcount approvals all within one system.

Furthermore, embedding the model for workforce planning within Workday Adaptive lends itself to continued enhancements for scenario planning. Scenario planning may inform decisions such as whom to promote from within based on how cash flow is affected, possibilities for filling a position based on the current workforce and other demographic and job-level data, as well as geographic considerations such as costs associated with changing the location for an open position.

There is a considerable amount of scenario modeling and data analysis that is needed beforehand to feed into a workforce planning tool. However, Workday HCM and Workday Adaptive make it easier by automating and centralizing the key inputs, such as HCM and job architecture data, needed to power the workflow for executing a workforce plan. Although the amount of scenario modeling and data analysis can be daunting, that input can be leveraged in the future for enhanced location modeling to achieve more accurate cost forecasts and talent pool building; increased lateral career movement that enables career pathing, resource deployment, and higher retention; and a more centralized supply analysis tool paired with location modeling that serves as a strong differentiator in the marketplace. In relation to the current state of talent in the technology industry, outcomes achieved through scenario planning, such as an increase in retention, may serve as defining factors as companies decide between addressing their need for in-demand roles like engineers, developers, and solution architects⁵ by either looking at their current supply of talent or hiring externally.

⁵ CIO, “The 10 most in-demand tech jobs for 2022—and how to hire for them,” 1/20/22.

Case study

KPMG recently assisted a major tech company in developing its workforce planning capability. The KPMG solution demonstrated how workforce planning would address the organization's short-term labor needs and create a long-term planning framework to help them plan ahead and align with business and finance planning cycles. This new capability also laid the groundwork to improve future talent outcomes such as time to fill and career pathing, which are outputs that could benefit other tech companies in their search for a solution to a potential hiring freeze or reduction in force.

Initially, the client's needs surfaced because of high-paced growth and a competitive hiring market, symptoms that are consistent with today's hiring freeze environment. These external factors, in tandem with the client's current HCM technology and vision for their workforce and business strategy, materialized as the need for a workforce planning solution that would support the forecasting needs of finance and HR, align to business planning with budget and headcount planning process, and create a framework for future talent strategy.

As a leader in workforce planning and Workday, KPMG evaluated, built, and delivered a multistep solution that was tailored to the client's needs in the following ways:



Began by conducting a current-state maturity assessment of client's workforce planning capability



Determined acceptable planning horizons for workforce planning (with long term being two years, and short term being six months to one year)



Built an organization-wide job-level framework to support workforce planning, as it did not exist at the organization prior to KPMG involvement



Based on assessments and pilots conducted with the client, KPMG designed a workforce planning framework to forecast demand based on business drivers and create a forecast of talent by skills and level of responsibility to create a view of talent demand for each function and the entire organization.



Built and embedded the workforce planning solution within Workday Adaptive, as the client was already using Workday as well as Workday Adaptive for financial planning

The workforce planning strategy and plan that KPMG delivered led to a variety of long-lasting impacts and benefits for the client and went above and beyond a standard workforce demand and supply planning framework and model with short-term and long-term budget and headcount forecasts. For instance, embedding workforce planning in Workday Adaptive meant a smooth and efficient integration into their existing Workday solution to gather headcount data, financial data, and other driver data to streamline and automate different aspects of the process. And the KPMG data readiness approach for structured clean-up of employee HCM data improves the accuracy of forecasts and risk mitigation for the client going forward. Lastly, KPMG built the process flows, training materials, and business adoption strategy to give the client the tools needed for a successful implementation. Success in delivering this highly complex workforce planning solution to a major tech company serves as a benchmark

for how KPMG can scale solutions for tech companies that vary in organizational structure, business model, and size to support them in overcoming a potential hiring freeze.

This approach demonstrates that robust job architecture and having the right HCM data and labor planning tools are paramount for designing a standard workforce demand and supply planning framework and model that aligns to a client's goals. Ultimately, this lays the foundation for a future talent strategy that addresses talent pipeline and expands the vision for the organization's workforce from a hiring plan to a comprehensive buy, build, and borrow strategy. However, for another organization, it may make just as much sense to place an emphasis on outsourcing and leveraging the contingent workforce to mitigate their short-term issues resulting from their specific challenges related to the hiring freeze.



Final thoughts

Now that you have read about the Great Reshuffling, its impact on the talent landscape in the tech industry, and how workforce planning can soften the blow of a hiring freeze when correctly put into practice, review the key points that summarize our thoughts and findings:

01

Many tech companies have instituted a hiring freeze, and to overcome this environment they must shift from reactive decision-making to a proactive, long-term vision that harnesses their current supply of talent.

02

Workforce planning is a framework that helps organizations identify their talent demand and determine how and where to best supply those talent demands. Organizations can harness workforce planning to identify their parallel capabilities, which can be upskilled and rearranged to address short- and long-term talent gaps.

03

Workforce planning is made up of two components: **1) demand of talent**, which can be determined through key business drivers that dictate insights into your talent needs; and **2) supply of talent**, which is defined by the modalities of finding the right talent and skills.

04

Workforce planning can be performed by analyzing, understanding, and utilizing micro and macro business drivers that are shaped by internal (e.g., mission, location growth, and profit goals) and external forces.

05

Workforce planning is a collaborative process that brings HR, FP&A, and operational business functions together by enabling these groups to speak the same language and align on planning cycles. By standing up a robust job architecture, organizations can establish a common framework for defining job levels and a consistent language for workforce planning and talent management.

06

Scenario planning helps organizations make more informed decisions by simulating variations of talent demand based on business drivers and projecting how changes in drivers will impact supply and demand.

07

Workday HCM can be used to stand up a robust job architecture, and Workday Adaptive enables, automates, and centralizes the workforce planning process and allows for continued enhancements to scenario planning capabilities.

As the tech industry is starting to see waves of hiring freezes across companies with varying organizational structures, sizes, and other distinct characteristics, it is safe to assume that there is likely a proportional number of obstacles to plan for and overcome. Essentially, it is just as likely that there isn't a definitive, "one-size-fits-all" solution to navigate the Great Reshuffling.

There are various factors that will inform the right solution for an organization that is planning for or encountering the effects of the Great Reshuffling firsthand, whether that is needing an immediate solution or endeavoring to

emerge from the other side of the dilemma with the tools to implement an improved talent strategy. Regardless of the business environment or need, getting into cycles of proactive workforce planning will produce long-term business benefits and is a muscle that needs to be developed to ensure that business and talent strategies are in lockstep.

Check out the white paper for [Meet TMT talent needs with nontraditional talent](#). If you'd like to discuss how to bring this to life in your organization, reach out to us. We'd love to chat.



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