Location Strategy for a Hybrid Workforce
5 Mandates and Actions for HR Leaders
Location decisions are more critical than ever

As more organizations consider permanent remote-work policies, chief financial officers (CFOs) are strategizing the real estate and cost implications. In fact, 72% of CFOs anticipate that the corporate real estate footprint will decrease over the next two years. But location decisions go far beyond real estate, costs, corporate taxes or government incentives. They need to be talent-first strategies that drive long-term business resilience and competitive advantage.

By using key labor market data, HR leaders can inject critical talent considerations directly into location strategy — and equip their organizations in four ways:

**Gain competitive advantage**

**Sample question**
Which employers account for the greatest proportion of job postings in Munich and does the competitive concentration make it hard to penetrate the market?

**Plan for long-term sustainability**

**Sample question**
How robust is the university ecosystem for a fresh graduate talent pool in Pune compared to Bangalore, which has higher demand for graduate talent?

**Meet and exceed diversity representation goals**

**Sample question**
It’s a strategic priority for us to advance underrepresented talent, especially in certain roles. Would we benefit from targeting certain locations?

**Mitigate geopolitical risks**

**Sample question**
What are alternative scalable locations in Europe with high English fluency for call centers moving out of England due to uncertainty caused by Brexit?
Progressive HR functions advocate location strategy as a key part of talent planning. Here are key imperatives for HR:

- Integrate location strategy into workforce strategy from the outset
- Champion the value of talent data in location decisions
- Evaluate talent accessibility not just availability
- Assess DEI risks and opportunities
- Plan for the skills of the future
Mandate One

Strategic workforce planning ensures that talent strategy reflects business needs. The talent component must take into account internal and external talent supply and the competitive pressure for hiring. Location is a factor in all of these planning elements.

The pandemic has changed the operating environment radically. Resulting location adjustments could mean optimizing or relocating the current footprint. If, for example, a hardware manufacturer pivots to providing cloud solutions, what is the optimal footprint?

Ultimately, location strategy needs to be integrated into workforce planning from the outset and on an ongoing basis.

Action Items for HR

- Understand the long-term business strategy and the talent implications related to future skills, locations and competition.
- Identify the stakeholders making location decisions and analyze whether long-term talent requirements are being considered.
- Make the case for a broader workforce planning lens on the discussion.
**Rethink Location Strategy for the Future of Work**

**Strive for a comprehensive location analysis**

Guide location analysis driven by understanding shifts in capability requirements to support long-term business strategy.

**View webinar**

Gartner TalentNeuron Example: Insights on viable locations across the U.S., U.K. and EU for organizations looking to expand their cloud capabilities over the long term. Locations identified by weighing key labor market attributes such as supply, demand pressure and salary.

Source: Gartner TalentNeuron
Mandate Two

Real estate teams typically lead location strategy along with finance, but these teams may lack and tend to overlook relevant talent data.

This presents an opportunity for HR leaders to advocate for talent needs within the location conversation early on. To bolster their position, HR leaders can bring good data to the table that goes beyond the typical government-sourced talent supply data at an occupation level.

Action Items for HR

- Educate location decision makers on the value of using a comprehensive set of data, with talent as a core consideration.
- Showcase the type of data you can provide, including granular talent data around skills, competition and diversity.
- Compare markets within your current location footprint to make short-term optimization recommendations.
Highlight viable alternative talent hubs

Evaluate whether offices should move to alternative locations based on talent requirements.

Read case study

A healthcare organization’s alternative location analysis

Gartner TalentNeuron Example: Alternative Location Analyzer highlights scalable locations for a select talent profile in the United Kingdom.

Source: Gartner TalentNeuron
Evaluate talent accessibility, not just availability

Mandate Three
Large talent pools aren’t necessarily optimal locations. A large pool of skilled talent in an extremely competitive market may, in fact, be very hard to penetrate.

To weigh opportunities and costs effectively, you need a comprehensive labor market analysis for any site — to determine, at a minimum, demographics such as:

- Talent supply adequacy, including the availability of graduate talent to ensure long-term sustainability
- Talent demand
- Diversity representation
- Competitive concentration
- Salaries

Action Items for HR
- Align on a set of primary parameters to evaluate location favorability.
- Include relevant secondary parameters such as political and economic risk, real estate cost and quality of life.
- Consider assigning weights to various parameters to create a tailored framework for your location analysis.
- Build an approach that enables business stakeholders to model different scenarios.
Assess labor market adequacy

Evaluate the supply adequacy, i.e., the extent to which a location has enough qualified candidates to support the number of positions you are hoping to fill, based on headcount preferences.

Gartner TalentNeuron Example: Location Module showcases supply adequacy of data scientists based on competitive concentration, supply and cost in select geographic areas.

Source: Gartner TalentNeuron
Plan for the skills of the future

Mandate Four

The total number of skills required for a single job is increasing by 7% year over year. In fact, 29% of the skills that were in an average job posting in 2018 won’t be needed by 2022. That evolution changes talent needs.

Accordingly, HR leaders and hiring managers need to track emerging and future skills for their business as well as their existing and emerging talent hubs.

For instance, as manufacturing plants become more automated, the need grows for highly skilled, niche technical talent that may not be readily available in the existing plant locations.

Action Items for HR

- Track emerging skills for critical roles.
- Take an inventory of existing skills in your organization and map adjacent skills for upskilling where possible.
- Evaluate the availability of critical skills — not just roles — in current markets.
- Identify alternative markets for key skills if current markets won’t meet demand.
- Evaluate competition and cost for key skills, not just supply, in various locations.
Identify new and emerging skills in target markets

Use labor market data to know what skills to prioritize for particular talent profiles in both existing locations and alternative hub locations.

View webinar

Drive Competitive Advantage With an Agile Skills and Location Strategy

Gartner TalentNeuron Example: Skills Module maps the skills evolution for site reliability engineering in the United States among key employer industries.

Source: Gartner TalentNeuron
Mandate Five

Diversity, equity and inclusion (DEI) initiatives have become board-level priorities. As HR and business leaders try to actively execute DEI strategies, they are considering which locations to tap. Also, decision makers increasingly use diversity factors as a tiebreaker for shortlisted locations for both consolidation and expansion.

With an improved understanding of labor market supply and demand, organizations can more effectively create and adjust location strategy based on driving their DEI aspirations.

Action Items for HR

- Assume that every location decision you make has a DEI impact (positive or negative) and evaluate its size.
- Embed DEI data in location evaluation frameworks.
- Seek data on where diverse talent is available beyond traditional hubs.
- Gather data on the location of diverse university talent; go beyond well-known sources such as historically black colleges and universities (HBCUs) in the U.S.
Seek data on diverse talent availability beyond traditional hubs.

Use labor market data to find alternative locations to acquire diverse talent beyond hub locations.

Read research

Gartner TalentNeuron™ Examples:
- Deep-dive research identifies the top 5 locations and top 5 alternative locations for financial analysts belonging to minority segments.

Source: Gartner TalentNeuron
Gartner TalentNeuron enables you to discover optimal talent hubs and hidden talent pools by comparing and ranking target locations based on various talent, cost and macroeconomic criteria so you can:

• Expand your global footprint for future investment and business goals in a hybrid world
• Consolidate your location portfolio to offset significant talent, financial and geopolitical risks
• Identify diverse sources of talent to acquire beyond hub locations
• Understand the location strategy and remote work profiles your traditional and nontraditional competitors are targeting
• Build your organization’s location strategy for a hybrid world with Gartner TalentNeuron

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