

Workforce planning

A framework for thinking about
your own approach

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Workforce planning is in essence a simple concept: it is about matching the organisation's demand for labour with the supply of labour over time. The complications arise from how the demand is specified and then satisfied, especially during periods of change and uncertainty. We use the term 'labour' rather than employees because workforce demand can be satisfied from a variety of people-related sources, be they outsourced services or agency workers. Moreover, simply specifying workforce demand in numerical terms, as used to happen, will not be sufficient: we need to know something of the labour profile required, especially skill requirements but also contractual terms.

But the real problem with workforce planning is its execution. Organisations get the concept but find it hard to put into practice. The HR complaint is that this is because management does not take the task seriously enough or is too short term or parochial in its thinking. Managers argue that HR designs unnecessarily complicated processes asking for information they do not have or would find difficult to produce.

So we suggest that HR keeps workforce planning as simple as possible, concentrating on the essential data needed for the task. HR should be sparing in data gathering but work hard to ensure those data are consistently defined and accurate. To get this focus it may be better for HR to identify important business problems (such as expansion, downsizing or relocation) and work backwards from there as to what HR needs to know to plan the resource implications. More specific techniques can then be used to illuminate opaque problems. For example, if there is an issue with mid-career resignation, career mapping, (which looks at patterns of career development, such as entry, promotion and exit points and their size, specialist versus generalist career paths) could help indicate difficulties.

Another key to success is for workforce planning to be integrated into other key HR processes. Talent management may be about individual selection and development but it needs to connect to questions on the size and capability of the wider workforce pool from which it is drawn. The same point can be made about succession planning. Moreover, shorter-term resourcing of getting people in the right place at the right time has to be informed by longer-term planning, especially if recruitment or training lead times are significant. Integration, too, should mean making sure that people and financial resource planning go together and fit wider business strategies or plans. At a more basic level, there should also be one version of the truth on essential data items (like headcount) agreed with Finance colleagues.

Ten practical tips for workforce planning

1. Emphasise to colleagues that the value of workforce planning is as much in the process (which surfaces assumptions, confirms understanding, etc) as in the results. Workforce planning has not failed if precise projections do not turn out to be exactly right. Remember Dwight D Eisenhower's dictum: 'plans are useless, but planning is indispensable.'
2. Decide how best to organise workforce planning. Is it better to be controlled from the corporate centre or decentralised to business units or functions? Is it to be line managed entirely or facilitated by HR? There are arguments for and against each of these positions, but clear and well-communicated role and responsibility statements are essential.
3. Whoever does workforce planning, it is important to ensure that they have the requisite skills. For HR staff, a key attribute is asking good questions on changing workforce demand. (See the PPMA/IES guide '[The business-workforce dialogue](#)' tool (2013) for possible question areas.)
4. When considering workforce demand, bear in mind the range of factors that might affect the current situation – use of technology, change in productivity, competitor behaviour, business regulation, political preferences, etc.
5. Having accurate and reliable data in a standardised form is a must. If your data collection process is dispersed, work especially hard at getting data suppliers to understand the purposes to which they will be put, as this will facilitate greater accuracy.
6. Build analytical skills in HR to turn data into organisationally-useful management information. This is not just a matter of improved reporting but also of using data to help solve business problems.
7. Focus workforce planning activities on key employment groups determined by their labour market scarcity and impact on organisational performance. (Code your job data in such a way that you can easily identify employment groups.) Such focus is especially important if a) you have limited resources and/or b) you have a big/complex population to deal with.
8. When faced with more than the usual uncertainty in your business environment, be careful in using forecasting models as they may mislead you, rather use scenario planning techniques that allow you to test workforce needs in different contextual settings.
9. Try to understand what changes in your business strategy might mean for employee capability. Do not rush into creating complicated skills databases but get a broad understanding of the business need, the current skill level and the gap between the two. If more detailed work is required, engage staff in the process of data collection but in a way that demonstrates the utility of their efforts.
10. Seek ways of educating executive management to recognise the relative inelasticity of labour, that it takes time to hire, train or be redeployed and that people will leave if their aspirations are not met and there are opportunities elsewhere.

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