

Workforce planning

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Summary

- The aim of workforce planning is to ensure that your organisation has the workforce it needs to achieve its business objectives. It also helps managers share and respond to their assumptions about the future, using an evidence-based approach. (See [What is workforce planning?](#))
- Workforce planning consists of interrelated building blocks considering: the business context; the current workforce; future demand and supply; and the action required to address resourcing risks. (See [Workforce planning in practice](#))
- Workforce planning should start with an understanding of the business, which means looking both externally at the shifting context in which the organisation operates and internally at the evolving business strategy and culture. (See [Understanding the business](#))
- To understand its current workforce, your organisation needs to define workforce groups for planning purposes, pull together baseline data and engage with managers to understand their resourcing concerns. (See [Where the business is now: understanding the current workforce](#))
- Estimating future workforce demand can be approached through a range of techniques to identify changing skill needs as well as productivity and the size and mix of future workforce requirements. (See [Where the business is going: future workforce demand](#))
- Assessing future workforce supply involves understanding relevant external labour markets as well as likely patterns of leaving and the availability of internal talent and successors for critical posts or workforce groups. (See [Where the business is going: future workforce supply](#))
- Following analysis, your organisation will need to identify the gaps between future demand and supply, leading to resourcing options and action to address likely resourcing risks. Action plans need to be clear and realistic, and followed up with monitoring and evaluation. (See [What the business needs to do: identifying gaps and taking action](#))
- Your organisation can still plan even though it may be uncertain about its direction, future size or the pace of change. Simple "what if" questions, contingency and scenario planning, adaptive approaches to workforce planning and consideration of how flexibility can be designed into both work and the workforce can all help planning under uncertainty. (See [Planning under uncertainty](#))
- To ensure the organisation develops the capability for workforce planning, clarify who is accountable and make sure that everyone involved acquires the understanding and skills they need. The data required for workforce planning needs to be developed and sustained consistently over time in an easily accessible way. (See [Developing the capability for workforce planning](#))

- We provide practical tips to help ensure people keep key ideas at the front of their mind as they put the theory on workforce planning into practice. (See [Practical tips for workforce planning](#))

Overview

This guide provides an introduction to workforce planning. The concepts and methods set out are applicable to all organisations, although they will be applied with differing levels of sophistication depending on the organisation's size and sector. The guide:

- explores the nature of workforce planning and its business benefits;
- gives examples of the issues that workforce planning methods can help to address;
- provides a framework of workforce planning building blocks, with practical advice on how to tackle each aspect and how they link together;
- suggests some approaches for dealing with the uncertainty organisations face in planning, and the need for workforce flexibility; and
- considers what it takes to develop organisational capability for workforce planning in terms of the people and data that it typically involves.

What is workforce planning ?

Workforce planning is often defined in terms of what it is seeking to achieve, as in the CIPD's workforce planning factsheet (2019): Workforce planning aims to ensure that the organisation has "the right number of people with the right skills employed in the right place at the right time, at the right cost and on the right contract to deliver an organisation's short and long-term objectives".

The inclusion of cost in this definition reminds organisations that effective workforce planning contributes to productivity and overall business performance, so costs matter. Workforce inputs are not limited to those people permanently employed by the organisation itself, hence the mention of contracts as an area of choice.

Workforce planning can also be defined as a process. It typically involves examining both the changing business needs for people (called workforce demand) and how those needs can be met in terms of people who will do the work (called workforce supply). The process identifies gaps or mismatches between future workforce demand and supply. These gaps present risks to the business, so actions need to be framed to address these.

Misconceptions about workforce planning

There are some common misconceptions about workforce planning that can reduce its effectiveness.

- Workforce planning is not just about giving managers lots of tables of workforce data, or lots of spreadsheets to fill in. Tables and spreadsheets are there to summarise information and insights.
- Workforce planning is not owned by HR. Managers and leaders should clearly own workforce plans and the actions they lead to as part of their own accountability to resource the

business appropriately. HR has an important facilitative role, working in close partnership with the business.

- Workforce planning is not just about producing a written plan at a moment in time. Workforce plans need to lead to action and to be updated as things change (workforce planning methods can also be applied to investigating issues or concerns as well as generating an overall formal plan).
- Workforce planning is not just about future actions - it is about actions that must be taken now to meet future needs. It takes time to recruit, develop and deploy people, and if organisations wait until there is a staffing crisis before they act, they are too late.
- Workforce planning is not about a single accurate forecast. It needs to take account of uncertainty and how actions will respond to unfolding circumstances. Accuracy is much less important than achieving a better alignment between resourcing and changing business needs.

The business benefits of workforce planning

Workforce planning can yield a range of business benefits. Most directly, workforce planning helps to ensure that a business can get its work done effectively. It encourages timely and focused recruitment and development of employees to avoid excessive recruitment costs or the risk of unfilled or poorly filled vacancies. It also supports effective organisational and work design; sometimes jobs need changing, not people.

From an employee perspective, workforce planning can help avoid unnecessary redundancies, support smoother adjustment to change at work and enhance the employability and careers of individuals.

Because workforce planning is a management process, it creates an opportunity for managers to share and challenge their assumptions about the future and develop a shared understanding and commitment to necessary actions.

Workforce planning helps build more relevant and robust data, which in turn can improve control of the size, cost and quality of the workforce in relation to evolving business needs.

Workforce planning is a mindset as well as a process. Regular involvement helps managers keep workforce issues front of mind when they are thinking about business developments. This embeds people management into business management, so people issues are considered when key business decisions are being made.

Practical examples of workforce planning

The principles and techniques of workforce planning can address many different issues that organisations face, as the examples below illustrate.

An international development charity faced **global competition in recruiting senior leaders** for each country in which it operates. It anticipated the approximate numbers of new country directors needed per annum both globally and by region, and linked this with succession planning on both short-term and medium-term time frames (two to five years). The proactive development of

successors, especially using temporary vacancies to give individuals broader exposure, has improved the pipeline of potential directors without training too many or too few. Data on several dimensions of diversity was used throughout the process to improve the flow of under-represented groups into senior leadership.

Retail companies need to plan for a range of jobs in stores **to meet fluctuating demand** within a day, within a week and across the year. Demand and supply data, linked to detailed business information, is used continuously to adjust hours and patterns of work for frontline staff. Specific approaches have also been developed to manage the run-up to the opening of new stores, allowing for the time it takes to recruit locally, train new staff and support some employees making career moves into the new store.

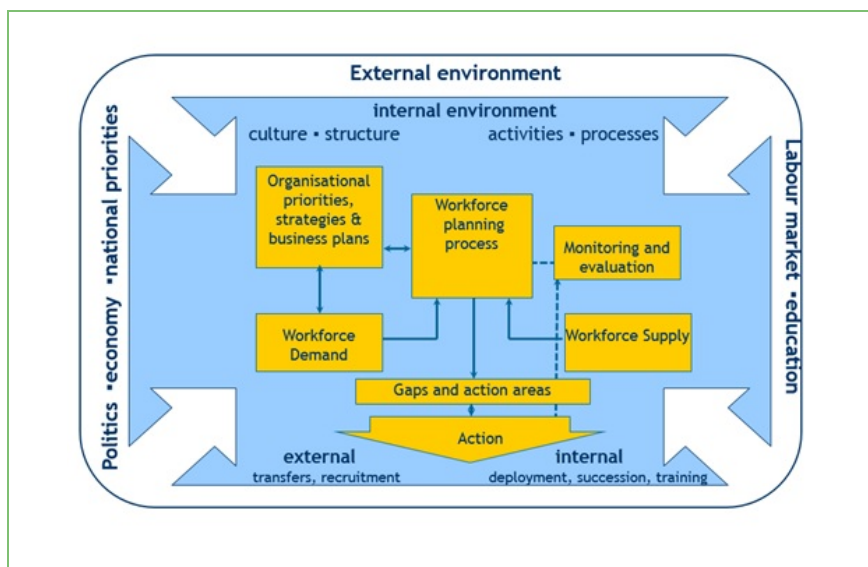
A specialist chemical company faced **increased business demand for research and development staff**. Although accustomed to taking on small numbers of highly qualified scientists each year, stepping up the numbers required more intensive interaction with selected university departments. Job roles were redesigned at team level to give more experienced staff the time to support the intensive early training required for this larger cohort of entrants.

A police force used cost data and detailed analysis of work processes to **reconfigure investigative work** undertaken by both uniformed police officers and non-uniformed police staff at various levels and in specific disciplines. This resulted in major cost savings that could be redirected into improving frontline staffing levels and better outcomes for the public.

A company employing skilled manual workers faced both **an ageing workforce and significant technological change**. Workforce planning combined data on staff skills, leaving patterns, health and future work preferences to assess how technology would enable employees to work for longer if they wished to do so and were willing to retrain.

Workforce planning in practice

The component parts of the workforce planning process are shown in the diagram below, as developed by the Institute for Employment Studies. Organisations can picture workforce planning as a system - thinking systemically involves connecting what happens inside the organisation with what is happening outside. It also reflects the reality that workforce demand, supply and resourcing actions are always evolving and affecting one another over time.



Although the component parts of workforce planning can be described sequentially, workforce planning is typically an iterative process and a later step will often generate evidence that needs to loop back to inform an earlier area of investigation or a decision about action.

A framework of building blocks

The component parts - or building blocks - need to be reflected in any practical process for workforce planning. To make the overall process feel easier to navigate, especially when talking to line managers or employees about workforce planning, the more detailed building blocks can be grouped under the below broad headings, which this guide goes on to discuss in more detail.

Authors vary in how they label these building blocks and the sequence in which they present some of them, but there is a broad consensus that these blocks constitute the main content of workforce planning practice.

Understanding the business

The demand for people is generated by business strategies, goals and plans, so it is essential to understand the direction and priorities of the business. Both the changing external environment in which the organisation operates and its internal environment (including organisational structure and culture) will influence workforce demand and supply, and employment practices.

Where the business is now

The organisation needs to understand its current workforce, by defining workforce groups for planning purposes and examining baseline employment information. It can also be useful to have early conversations with managers to surface any current workforce issues or concerns.

Where the business is going

Estimate future workforce demand: This is the numbers and skills of people in different workforce groups that the business will require in the future. Uncertainty may affect this view of future demand.

Assess future workforce supply: These are the people available to meet future demand. Future needs can be met from inside the organisation (your existing workforce and how you develop them) and outside (people who may be hired or employed by someone else). Likely losses of current staff need to be taken into account.

What the business needs to do

Identify gaps and action areas: A workforce plan can be expressed as a summary of action areas, often for different workforce groups. Action areas are most frequently concerned with adjusting workforce supply to meet likely future demand. Some demand-supply gaps require more fundamental changes in work design or employment strategy.

Take action: Action areas need to be taken forward through more detailed and specific action plans and accountabilities. This stage often requires further investigation and consultation as part of process or intervention design.

Monitor and evaluate: Action plans need to be tracked and adjusted, based on an evaluation of the impact of any action taken. Using data to track impact is where workforce planning meets the evolving field of workforce analytics.

Making workforce planning relevant to your organisation

Workforce planning does not necessarily have to lead to a formal plan covering every workforce issue and the whole organisation at the same time.

The organisation should consider three questions before starting detailed work:

- **What is the planning time frame?** Does the organisation need:
 - very short-term planning (hours, days or weeks, for example in scheduling shifts); and/or
 - the familiar annual plan (often linked with budgets, headcount control and routine recruitment); and/or
 - longer term and more strategic planning (for major change and for skills that can take years to develop)?

Many organisations need workforce planning on all of these time frames, but the specific time frame in question affects the nature of discussions with the business. Time frame also affects the data needed to support planning and how best to analyse it. It is therefore important to know which time frame is under consideration.

- **What is planned centrally and what locally?** Long-term planning for groups who are of corporate interest, such as senior leaders, is often centralised. Professional skill groups can be planned by business division, region or function. More devolved planning is often used for staff who will be recruited, developed and deployed locally. The scope of a plan influences which business activities and staff it covers, who is accountable from the business point of view and who in HR will support them.
- **Which workforce groups will be covered?** It usually makes sense to look more carefully at groups of jobs and people that have a big impact on business performance and/or where

recruitment and retention is problematic. These are often called key or critical workforce groups. An overall workforce plan should pay adequate attention to such groups.

Understanding the business

Workforce planning should start with a good understanding of the business, as it is now and its future direction. The business sits in a wider external environment that will influence both business activity and decisions about the workforce.

The shifting external environment

A range of external factors influence organisations. The PESTLE framework is a widely used simple way of checking for external drivers likely to be relevant to business and workforce plans.

PESTLE analysis of the external business environment

Political - national and local government policy, trends in public spending and public services, foreign and defence policy, political groups likely to influence public opinion.

Economic - global, national and local economic trends, international trade and market competition, general education and labour market trends.

Sociological - demographic change, lifestyle and family choices, social attitudes to employment, income, education and retirement, and issues of gender, disability and social mobility.

Technological - development and adoption of technology both at home and at work including the impact of digital communications, automation and robotics.

Legal - laws and regulation affecting business and employment, including health and safety, workers' rights, equality of opportunity, pay and taxation, data protection, pensions and immigration.

Environmental - climate change and its consequences, the environmental impact of businesses and public attitudes to environmental issues.

Factors such as immigration have had a recent high profile as some sectors of the UK economy are very dependent on workers from other countries. Technology is also in the public eye, although its impact and rate of change will vary considerably by sector and occupation. However, technological change can have a major and rapid effect on the workforce when it comes, so it is important to keep abreast of sectoral trends.

For many businesses, the ageing population presents both challenges and opportunities, as longer lives and later pensions are keeping people at work longer. Older workers can keep valuable skills in the economy but are also more likely to have health limitations and may seek flexible working options.

Where the organisation has a well-developed business strategy, it may well have already carried out a PESTLE, or similar, analysis.

Current and future business strategy

Business strategy concerns what the business is seeking to achieve and how it plans to get there. Even if there is no written strategy or formal business plan, there will be some generally understood business priorities. Key aspects of strategy that may impact on workforce planning include:

- likely changes to the overall size of the business in terms of volumes of output, target income and plans for the cost base, which includes people costs;
- changes in what the business is selling or delivering and into which markets;
- likely mergers or alliances, or work activities that may be outsourced; and
- specific plans to change work processes, including the introduction of new technology.

For each of these aspects, the link with workforce planning is through the likely impact on workforce numbers, geographical location, skill requirements, and the mix of employed workers versus other ways of resourcing.

In some cases, the organisation may be uncertain about its direction, its future size or the pace of change. There are several ideas and techniques that explicitly address planning under uncertainty (see [Planning under uncertainty](#)).

The internal business environment also includes the impact of organisational values, culture and leadership style. Culture has a strong influence on how organisations are resourced and the relationship they have with their employees.

For example, a software company had business processes and technology that made it quite easy for more software engineers to work from home, at least for some of the week. This also allowed the business to extend its geographical labour market as staff did not have to commute daily. This helped with recruiting scarce skills.

However, a new team of senior leaders desired a culture based on frequent face-to-face interactions, and did not altogether trust staff to work effectively when they were not in the office. The new leadership team removed the flexible working arrangements, causing difficulty to staff and strong resistance to the change.

In the end they reached a compromise, but it would have been better if, from the start, flexible working had been seen as a strategic choice as part of the strategic workforce planning process. The pros and cons of remote working could then have been examined more carefully and its implementation properly evaluated.

An organisational SWOT analysis

External and internal factors influencing the business and workforce context can be summarised in a SWOT analysis. This can help to gain agreement about what the big business issues are and to keep them in people's minds throughout the workforce planning process.

In the example grid below, which is for a medium-sized manufacturing company, organisational strengths and weaknesses are shown in the top row; external opportunities and threats are shown in the bottom row.

STRENGTHS Well-developed and innovative product. Strong technical capability, including good technical understanding in leadership team.	WEAKNESSES Less well-developed marketing and sales capability. People management may become thinly spread if company grows quickly.
OPPORTUNITIES Potential markets overseas, especially in Asia. Little direct competition visible at present.	THREATS Rapidly changing regulatory and environmental standards. Smaller start-ups may compete effectively, especially if they are faster to form collaborative relationships in other countries. Skill shortages in software engineering in the UK and some other countries.

Even though this example is very simple, the SWOT analysis suggests several issues that any workforce plan will need to address. These include:

- whether or not existing technical staff will have the interest and ability to take on more people management responsibility as teams grow;
- how to position the business to attract additional software engineers and at what career stage it is most effective to bring them in;
- how to strengthen the commercial functions and whether or not this requires recruitment for some key commercial roles; and
- how to resource sales and product support in other countries, and whether to do this through moving existing staff abroad, locally recruited employees and/or partnerships.

Where the business is now: understanding the current workforce

Before starting to look at future workforce demand and supply, it is useful to get a handle on how the business is currently resourced. This allows the organisation to:

- develop a consistent way of grouping jobs and people for planning purposes;
- extract baseline data on workforce supply for these groups;
- engage with line managers early on in the process to give them a clearer sense of ownership;
- identify managers' concerns to highlight issues that may need more investigation; and
- identify critical roles or groups.

Workforce groups for planning purposes

For baseline data on the workforce, organisations often look at broad aggregate figures, for example total headcount or overall labour turnover. In relation to groups, data is often aggregated according to formal organisation reporting lines, such as divisions, departments or cost centres. People management issues are usually managed at the level of individual posts and people, for example recruiting to a vacant position or managing the performance of a particular employee.

However, workforce planning operates in terms of groups of jobs involving similar work and therefore needing the same kinds of skills. These groups form a bridge between demand and supply, linking jobs of different kinds and the skills they need with the future supply of people able to do those kinds

of jobs. The term "workforce group" is used for these matching sets of jobs and people. Workforce groups are the currency in which workforce planning is conducted, so deciding on the groups that will be used is an important step.

In defining suitable workforce groups for planning purposes it is usually best to start with a combination of the main functions or activities of the business (such as operations, commercial, research and development, IT and finance) and broad job levels (usually related to grade or pay and also to skill levels). Function in this case is about the nature of the work not organisation reporting lines. It often matches fairly well with the professions or occupations of individuals working in those groups. Some organisations use the term "job family" in this same sense. Finance, for example, should include all work with financial skills as the main requirement, even if some of those people do not work in a department called finance or report to a financial manager. Using these two parameters of level and function together, it is then natural to talk about both numbers and skills of, for example, "senior professionals in finance", "first line managers in operations" or "frontline staff in customer service".

Baseline data on current posts and people

It will be necessary to gather information on the size of each of these workforce groups and, if possible, how that has been changing. Very short-term planning requires trends in numbers data over weeks or months. Medium-term or longer-term planning should look back over a few years, as it will also look further forward.

Baseline data normally includes:

- numbers of people by workforce group - if some people work part time it is useful to show both actual numbers of people and their full-time equivalent;
- a breakdown of numbers according to type of contract, for example permanent, temporary and agency workers;
- a geographical breakdown by region or site if this is an important factor in resourcing;
- demographic patterns within each workforce group, for example age, gender and other characteristics of interest from a diversity perspective; and
- vacancy levels, if there are significant gaps between the number of posts agreed in budgets and the actual numbers of people employed - such vacancies can indicate resourcing difficulties, but only if real efforts have been made to fill the empty posts.

Understanding workforce flows

Most organisations have reasonably good data on current staff in post. But you also need to pay attention to movements of staff in and out of each workforce group. The key movements to understand are usually:

- recruits into the workforce group from outside the organisation;
- leavers from each group, differentiating retirements, voluntary leavers, dismissals, and ill health, voluntary redundancy or early retirement scheme leavers, and evidence, if reliable, on reasons for voluntary leaving;

- internal movements between workforce groups in terms of both promotions and lateral moves; and
- the length of service of staff, both within the organisation and in their current job, as this also sheds useful light on flows.

Flows data is important because it provides evidence on the following:

- Past patterns of leaving, which shape assumptions about how many of the staff currently employed may leave over each year in the planning period. This is a crucial part of assessing future workforce supply (see [Taking account of likely leavers](#)).
- Baseline patterns of the balance between internal and external resourcing of job vacancies for each main job group. For example, a particular job group might recruit externally for 90% of its vacancies ("buying" in talent), filling only 10% internally (by "growing" talent). A different group might have quite a different resourcing mix. This is important when you come to look at future supply options (see [Resourcing options to address risk](#)).
- Career paths and recent levels of promotion. This also shows the nature and speed of movement in talent pipelines.

Current and emergent workforce issues

Engaging with relevant managers early in the planning process will be important to build a picture of the current staffing position and any issues. The most useful people to speak to are senior managers in close touch with the staffing in their own work areas, and those who lead key professional groups. In organisations with large numbers of frontline staff, talking to first line or middle managers can also be very useful in highlighting operational issues caused by staffing patterns. Where HR business partners work closely with managers, they should also have useful insights into workforce issues.

Useful questions for a "where we are now" conversation include the following:

- Are there some job groups where you have too few staff for current work commitments (ie staff are overstretched) or too many (ie staff are underutilised)?
- If you have too few staff in an area is this because you have too few posts agreed, because work with little value is being done or because vacancies have proved hard to fill?
- Do you think staff turnover is higher than it should be in some areas of work? Why do you think this might be?
- Are there some groups of staff where the numbers are adequate, but their skills are not a good match for the work needed?
- Are there some groups of staff who have untapped potential and could do more senior or more demanding work with some additional development?
- If you use external partners or agency workers/contractors for some workforce groups, is this providing you with a workforce of appropriate quality at reasonable cost?
- Where, if at all, is diversity a significant issue for the workforce groups you cover?

The value of the conversation can be improved by having the baseline data on [staff in post](#) and [workforce flows](#).

Some resourcing issues may be affected by how employees experience the work environment, for example how well they perceive they are being managed; whether or not they find their job interesting; and whether or not they feel they are adequately trained for the work they do. Evidence on such matters is often available from staff surveys and can sometimes highlight differences between how managers see an issue and how it is seen by employees.

Critical posts or job groups

A combination of baseline data and early conversations often starts to signal parts of the workforce requiring more careful attention in the planning process. The term "critical" refers to single posts or, more often, groups of jobs that are:

- of high importance or value to business performance - this value can be strategic (as is often the case with senior leadership populations or leading experts) or operationally critical (for example in the case of nurses in the NHS, or maintenance staff in a factory); and
- difficult to recruit to because they require skills unique to the business or are in shortage occupations.

Where the business is going: future workforce demand

The next stage of the planning process is addressing the future demand, or need, for staff.

Approaching demand planning

The term "workforce demand" means the labour required for an organisation to meet its business goals. This sounds simple. However, estimating future workforce demand is inevitably subjective, even if information on recent trends in numbers is good. Demand is also subject to inherent business uncertainty in most organisations and economic sectors.

The starting point for considering future demand comes from the previous building blocks of workforce planning, that is:

- business strategy, plans and changes (see [Understanding the business](#)); and
- insights from baseline data (see [Baseline data on current posts and people](#)) and the issues identified by managers (see [Understanding workforce flows](#)).

It is important to think about demand in terms of numbers, skills and costs. Even if the numbers and general purpose of some jobs remain similar, skill needs often change over time.

Different types of skills should be considered.

"Skills" can be expressed as attitudes, behaviours (or competencies), knowledge and understanding (sometimes reflected in qualifications), or experience. They can be:

- generic skills, ie needed by all staff;
- leadership and management skills; or

- technical or job-specific skills needed for specific jobs or workforce groups.

Demand is where productivity comes into workforce planning. Productivity is the relationship between work input and costs on the one hand and work output or income generated on the other. If an organisation wishes to improve its productivity, the demand side of workforce planning is critical.

In considering demand, it is useful to collate simple labour cost information, for example:

- the salary costs in total and per full-time equivalent, for each workforce group;
- other employment costs that, together with salary, make up the real cost of employing people;
- people costs as a proportion of total business costs; and
- the costs of people who are not employees, such as those working as contractors or through an agency.

When looking at future demand, the rough cost implications of a change in the size or mix of the workforce can be included. It is crucial that business leaders understand these implications when committing to a workforce plan, whether this is for the short term or is longer term and more strategic.

Methods for estimating workforce demand

There are a wide range of methods for estimating workforce demand. Organisations may need to use several approaches or different methods for different workforce groups or different time frames:

- Gathering managers' views or forecasts of demand for each workforce group is probably the commonest method, as managers are usually the ones to set headcount and budgets. The upside is that managers should be close to the reality of the workplace; the downside is that they often wish to hang on to any resources they have and may not be radical enough in rethinking how work is organised at job or team level, especially on more strategic time frames.
- Projection of trends in workforce numbers can be done based on past trends of staff, productivity and other business variables such as customer numbers or spend. This can be useful but will not foresee major step changes in the business or work methods.
- Future skill needs can be informed by the business strategy (see [Understanding the business](#)) and by skill gaps emerging from discussions with managers (see [Where the business is now: understanding the current workforce](#)). Information from external sources - ranging from sectoral and professional bodies to customers and technology suppliers - also informs future skill needs.
- Asking managers to plan their workforce from a zero base, as though they were starting from scratch, encourages work redesign and looking outwards at other organisations' approach to similar kinds of work process.
- Setting budgets first and converting these into staff numbers is a common control mechanism for functions not directly related to business output, such as corporate support functions. For example, research and development is often budget led, but the budgets then need to be allocated to real programmes of work to check they are realistic.
- Ratios from inside or outside the organisation can be used to link staff numbers in a workforce group to other groups of staff, outputs or financial metrics. For example, numbers of managers

might be linked to numbers of frontline staff, and numbers of doctors in a general practice might be linked to benchmarking information from a sample of practices on the number of doctors per thousand patients registered.

- Detailed analysis of processes and work methods is useful when work needs to be redesigned. Work analysis is important in estimating changes in numbers but also highlights skills needed, because it is grounded in the work people will really be doing. Looking at work in more detail can also identify work tasks that are unnecessary or add little value, and should be discontinued. Business process re-engineering and the LEAN business model are common approaches to this.
- On longer time frames it is useful to start with the organisational capabilities implied by the business strategy: that is the things the business needs to be especially good at doing to achieve its goals. For example, if personalised customer service will be a future differentiator for the organisation, this leads naturally to a consideration of which kinds of staff will provide that service and whether those currently serving customers will be upskilled to meet this future demand or different types of job will be introduced, changing workforce demand.
- Where there are major uncertainties, scenario planning and other approaches to **planning under uncertainty** can help managers explore how much future demand may vary.

Key features of future demand

When reviewing future demand for each main workforce group, the kinds of changes most likely to require significant action in the workforce plan are:

- opportunities to increase productivity and how this increase will be achieved, including work activities that should be stopped;
- workforce groups where numbers are likely to increase or decrease significantly;
- significant changes in skill requirements;
- work activities requiring different workforce groups from those currently employed; and
- the impact on demand of major foreseen changes in how work is organised, including whole areas of work planned for outsourcing, significant changes in technology, or significant relocation of work.

For each change in demand, the organisation needs to be clear to which workforce group(s) the change applies, remembering that it might apply right across the workforce. It is also important to estimate the time period over which each change is likely to require real adjustment in the workforce.

Where the business is going: future workforce supply

Future supply can be external or internal, and needs to take account of likely levels of job vacancies.

External labour markets

The labour market is where individuals sell the skills and abilities they have to potential employers at a price, reflected in their rate of pay and other benefits. Labour markets can be very local or cover a much wider geographical area. They may even be global.

Employing organisations need to know about the future supply of people with the skills and potential they are looking for and also about their labour competitors.

Information to gather about relevant external labour markets includes:

- who the labour competitors are for different workforce groups and approximately how many people they recruit, their pay and benefits, how attractive they are to recruits and whether or not their operations are changing in locations likely to affect your organisation (remember, line managers often think about their business competitors as labour competitors, but they are not necessarily the same);
- the working population and trends in skills and geographical areas of relevance - this includes understanding the output of the education system in terms of qualifications in different subjects at different levels; and
- current and likely future shortages or surpluses of types of people in relevant labour markets.

Labour market intelligence can be obtained from a range of sources. These include business, sectoral and professional bodies, and national and local statistics. An informal understanding can also be gained from existing employees and network contacts.

Employers often compete for the same kinds of people and do not always consider groups who may be alternative sources of supply. For example, prudent employers of scientists and technologists (so-called STEM skills) are mixing and matching apprentice and graduate intakes to build wider and more inclusive talent pipelines. They are also building strong links with colleges and universities that are geographically close and/or running particularly relevant courses.

Taking account of likely leavers

In looking at future workforce supply, it is important to understand the approximate number of vacancies the organisation might be looking to fill for each workforce group.

This will be affected by changes in demand (see [Where the business is going: future workforce demand](#)), and by how many staff may leave over the forecast period. Recent trends in leaving should be shown by baseline data on [workforce flows](#).

For forecasting you should look at recent wastage rates, calculated as the number of leavers in a certain category over a year divided by the number in that category at the start of the year. This crude measure is a useful first step. In time, it is helpful to understand how wastage rates vary not just by workforce group but also by age and length of service of staff, as these factors often affect individuals' propensity to leave the organisation. Organisations frequently find that men and women have different patterns of leaving, as do those working full time and part time. Sometimes staff at a particular career stage are more likely to leave, especially those with technical or professional skills at the point they have sufficient experience to be really attractive to other employers.

Employee wastage is affected by the state of the economy, usually rising when the economy is doing well and falling when recession is reducing levels of opportunity.

In examining leavers and estimating future levels of vacancies, it is important to appreciate the different reasons for people leaving your organisation, including:

- retirement and early retirement, where behaviour is changing in line with changes in pension provision;
- at the end of a fixed-term contract;
- dismissal;
- ill health;
- voluntary redundancy;
- compulsory redundancy; and
- voluntary wastage, ie people simply choosing to leave.

In some cases, it is also important to allow for people leaving one workforce group to enter another inside the business. For example, staff at a certain level may seek a move from the sales force into the marketing team or there may be a lot of promotions from one job group into a higher graded one in the same area of work.

In putting this information together, you are seeking to make a rough estimate of the number of likely vacancies over the planning period in each workforce group. The aim here is not accuracy, but the right order of magnitude.

Understanding leaving patterns is equally important if one or more workforce groups will be reduced in size. Estimating losses shows whether or not reductions are likely to be manageable by voluntary wastage and whether or not there will be staff available for redeployment into vacancies elsewhere in the business.

Succession planning and employees with promotion potential

Future labour supply includes possible recruits and current staff who will stay in the same job. However, it also includes the internal supply of employees who may be able to progress from their current job to more complex or demanding work.

Potential assessment and succession planning are two related ways of looking at this aspect of supply, and are both part of talent management:

- Potential assessment involves reviewing staff to determine if their performance and the more general attributes they show indicate their potential ability to develop towards a more senior role. There are a range of methods for assessing potential, but assessment by the relevant line manager, or by groups of managers assessing groups of staff, are the most common. It is a subjective judgment, but can at least be made against clear criteria about what potential means.
- Succession planning serves a similar purpose by asking managers to identify individual employees who may be considered as successors to a particular post, or group of posts.

Succession plans do not normally cover every job in the organisation but tend to focus on senior and/or critical roles.

Succession planning needs to consider both short-term successors and longer-term successors. Short-term successors are usually people who could do the job in question as their next job, normally within a year or two. Longer-term successors will have at least one major job move before moving into the role - they are typically three to five years away from being ready. Emergency cover can be included in succession plans or can be planned for separately.

An example of a basic succession plan is shown below. The colours represent where risk may be present (orange) or severe (red). Longer-term successors reduce risk only if development action starts early enough to prepare them for the role.

A simple succession plan

Post or groups of posts	Current job holder(s)	Key factors to consider	Emergency cover	Short-term successors	Longer-term successors
Finance director	Anne S	Hard to fill post	Jon J (deputy)	Jon J	Carlos V
Marketing specialists – 3 posts	Bill T Melissa L Katy R	Will restructure in two years' time.	Ruth N	Brian T?	Ruth J Andrew Z Omar A
IT service manager	Pankaj P	Post holder retires autumn this year. Major change in systems and service next spring	Possible interim, already used by organisation.	May need to go external for someone to lead change.	Raj K Joanna R Floella W

It is important to link succession planning with individual career development conversations and with development plans for successors. Without making artificial promises of a future move, it is important to ascertain that those seen as successors are really interested in a career move of the type assumed in the plan. Successors are not normally "placed" in a vacant job, but rather go through the normal appointment process. The function of succession planning is to ensure that there are at least some credible candidates for roles that may be hard to fill externally; it is both a planning tool and part of the process of talent management or employee development.

What the business needs to do: identifying gaps and taking action

Gaps between demand and supply

Once you have examined baseline data and both future demand and supply, you should have the evidence to assess the gaps between what the business will need and its potential future workforce supply. As with all the building blocks of workforce planning, this step may relate to different time frames, depending on the focus of the planning process.

The thought process here can be demonstrated through a couple of examples.

Example 1 - Senior professionals in a technology company:

- The group is forecast to grow from 20 to 30 people over the next two years.
- At least 10 leavers are expected, and the business is in a very tight labour market in a part of the country where these kinds of people are not numerous.
- This workforce group will also need stronger customer skills than in the past and will be using rapidly changing digital platforms.
- There is likely to be a significant challenge in meeting these needs. Relying purely on external recruitment for the 20 or so expected vacancies in this job group seems high risk.

Example 2 - Call centre operatives in a service company:

- The group is not expected to grow from its current size of 150 across two sites, one urban and one on the outskirts of a small town.
- Staff turnover has been falling. The operation has been running for some time, and many staff are relatively long serving. The company offers very flexible working patterns that attract and retain staff of varied backgrounds and ages, including those with caring responsibilities.
- However, many recruits have been from other countries and possible changes to immigration policy may affect both retention and recruitment over the planning period.
- The risk appears manageable, but positive action on both recruitment and training may be necessary to retain current staff and attract new people of suitable quality, especially in the city centre site.

As shown by these examples, gaps should be considered in terms of the business risk to which they may lead. This risk can be operational (affecting short-term business delivery) and/or strategic (affecting the development of the business in the longer term).

Resourcing options to address risks

Baseline data will have shown the current and recent mixes of internal and external labour supply when filling vacant jobs. When reviewing the relationship between future demand and future supply for a particular workforce group, it is useful to consider a range of resourcing options. These include:

- buying talent in from outside, through recruitment;
- growing talent internally through both formal and on-the-job skill and career development, and mechanisms for internal deployment;
- borrowing talent by using, for example, temporary staff, agency staff and self-employed contractors; and
- automation or use of technology.

The organisation may well have preferences for how to manage this mix for the relevant workforce group, and these preferences may or may not be feasible once demand and supply have been investigated.

In some cases, workforce demand needs to be questioned and work could be redesigned to use people who are easier to obtain at a realistic cost.

Framing a workforce plan in terms of action areas

Workforce planning does not have to lead to a single planning document. However, a summary of the understanding gained at each stage of the process will be of value, together with clear identification of priority action areas for different parts of the workforce.

The table below shows a simple way of documenting a workforce plan in these terms. It shows examples of workforce groups from a range of contexts - obviously in a real plan the columns would reflect different workforce groups in the same organisation.

	Workforce group		
	Frontline staff in a service company	Finance professionals in a public-sector organisation	Managers in a small manufacturing company
Current supply	50 staff, 40 full-time equivalents. Half are aged under 30 and 75% are female. 40% leave in the first year of service. Beyond that, the workforce is more stable. Numbers have grown by 5% in past year, in line with growth in activity. 15% are from EU countries.	Function going through considerable change and several experienced staff have left.	5 posts in different functions, 3 of whom have been there from the start.
Current issues	Quality satisfactory, but labour turnover is higher than that of competitors, even though pay is comparable.	Persistent problems in recruitment, attributed to lower pay than private-sector organisations nearby.	Lack of commercial skills and a tendency to micromanage the skilled staff.
Future demand	Looking to hold employee numbers by increasing the use of technology. Work will be less routine and require higher-level skills. Interpersonal skills and digital skills both becoming more complex.	Function is not seen as growing but will need higher proportion of experienced professionals.	More mature management culture needed as company grows and staff expect more of leaders.
Future supply	Demographic and educational trends mean 10% fewer young people will be looking for this skill level of work in the locality. There are older workers seeking flexible employment in the area, increasing numbers of whom have good customer and digital skills. A factory has recently closed nearby that employed mostly skilled male workers. A dip in recruits from other countries may occur.	Supply seems unlikely to improve. Some junior staff in finance and other functions have the potential and interest to develop.	Local people interested in the business and some have approached the owner. Some have experience of working in bigger, more commercial settings.

Future gaps, issues and risks	Workforce group		
	Frontline staff in a service company	Finance professionals in a public-sector organisation	Managers in a small manufacturing company
	Higher skill levels difficult to achieve if labour turnover remains high and existing recruitment patterns are continued.	Risk that the future vision for the function is undermined by a lack of appropriately skilled professionals.	Balancing continuity and change in this group will be a challenge. Some commercial new blood is needed, but entrants may find it hard.
Likely action areas/options to mitigate risk	Increase appeal to men, and a wider range of ages and social backgrounds, building on existing flexible working offer. Positive training to upskill both existing staff and recruits. Seek to convert students who already work in holidays to employees when they complete their studies. Investigate creating a higher-level job to deal with the most difficult customers and improve supervision of front-line staff.	Review full benefits of employment, not just pay. Investigate options of interim senior staff who can coach others. Scheme for junior staff with potential to take some of the skilled work, releasing the most experienced to support new work methods.	Aim to bring in a commercial manager next year and to grow another two successors internally.

Actions for the business, not for HR

To gain real value from workforce planning, it is important to take the step from having broad areas for action to carrying out actions.

Actions for the HR function, concentrating on process and policy change, should be accompanied by a plan of action for the business, which will often include the following:

- The redesign of work to meet changing business needs more efficiently. The multiskilling of maintenance jobs in manufacturing and front-desk or call-centre staff in services are examples of such change.
- Changes in how work is resourced, especially the mix between conventional employment and other ways of getting work done, for example through outsourcing work or employing contractors, and/or technological change.
- Changes in where work is located, including remote working.
- Recruitment and employee development for workforce groups.
- Actions for the longer-term development of talent pipelines and the career development of staff. In some sectors and occupations this involves influence on, and collaboration with, the education system, especially in the provision of work experience for pupils and students and the development of teachers and tutors. It also includes internal development schemes focused on taking staff with potential in one workforce group and developing them towards another, often at a higher skill level.

Some of these actions may require changes to general HR policies or processes, but most do not.

Stress testing and agreeing actions

To convert action areas to real action there is a process of working out which actions the business sees as viable and who is going to take them forward.

Stress testing possible actions should highlight any options that are viable in workforce planning terms but conflict with the organisation's values, culture or regulatory environment.

More "flexible" working patterns may attract staff with young children, but create stress for those who are expected to provide cover for them in school holidays.

Using staff with lower-level qualifications might ease a skill shortage but may not be permissible in regulated sectors, such as health and social care and construction.

Reducing numbers of middle managers can seem an attractive option, but organisations need to consider the span of control that strategic leaders will then have to handle and the possible impact on the culture.

Using staff on zero hours contracts delivers flexibility but may compromise quality control and create employment insecurity.

Some useful questions to test and prioritise actions include the following:

- Is this action realistic in terms of solving the problem identified?
- How important is it in terms of potential business impact and risk mitigation?
- Will it have unintended negative effects on something else?
- Who will really get behind this and be willing to take it forward?
- How much resource is required and where will this sit in terms of people and budgets?
- How long will it really take?
- Does HR have the capacity to support it?

Actions can sometimes fit within normal divisional or departmental plans, although this is harder if the action will take several years, especially if it needs to cross existing internal boundaries. Action to support major change should usually be integrated into a project plan or programme for that change.

Governance processes that can help support effective action include the following:

- Top-team sign-off for significant workforce actions as part of business plans on the relevant time frames.
- Accountability sitting with a people committee or equivalent (ie a committee comprising business leaders, the HR director and relevant senior HR colleagues). Such committees are accountable to the board or top team for all people matters.
- Regular reporting into the organisation's risk or audit function, which is often overseen by a risk committee. This reinforces the importance of people risks as part of business risk, helping to keep workforce issues on the strategic agenda.
- Governance within the HR function to ensure relevant parts of the workforce action plan are included in HR operational, strategic and project plans, with appropriate accountability and resources for delivery.

Monitoring

It will be important to monitor the continued relevance of the workforce plan, the implementation of agreed actions, and changes in the workforce over time.

The workforce plan should be reviewed on an ongoing basis, for example in general meetings between business leaders and HR business partners. The plan should be reviewed at least quarterly by the people committee or senior team who signed it off.

General workforce monitoring should track:

- headcount - both people and full-time equivalent;
- real workforce costs (against output measures where possible), including the costs of contingent workers, such as agency staff;
- changes in workforce demography (eg age and length or service) and diversity;
- leaving patterns by workforce group, separating out voluntary wastage from other kinds of loss;
- recruitment and hard-to-fill jobs (eg cost and time taken to fill different types of jobs); and
- promotions and succession cover for critical posts.

Workforce dashboards and routine metrics are sometimes not well aligned with the workforce features on which the plan is focusing. Additional measures may be needed to monitor problems such as wastage rates or unfilled vacancies in critical groups, or aspects of diversity that the business is seeking to address in particular parts of the organisation or workforce groups.

Evaluation

Evaluating the impact of specific workforce actions can seem daunting, especially if you aspire to the goal of a full return on investment (ROI) analysis. The easiest practical approach is often to articulate what an action was seeking to achieve and identify where those impacts may be observed or measured at different points in time.

As with workforce planning overall, evaluation often requires both qualitative and quantitative measures.

It also often involves both consideration of the process ("Did we do what we said we would do?") and the outcomes ("What impact did our actions have?").

For example, evaluating a programme of action to introduce apprenticeships could examine:

- whether or not the introduction happened on time;
- the volume, quality and diversity of applicants, how many were selected and how many took up the offer;
- how many recruits are completing each year of study successfully and gaining the final qualification;
- qualitative evidence on performance at work - whether or not managers are satisfied with the behaviour and work outputs of apprentices (this could combine with feedback from customers, colleagues, etc);
- the quality of the relationship established between the employing organisation and its education provider(s);

- overall costs as compared with initial estimates, including the cost of supervision and assessment;
- feedback from apprentices on their satisfaction with the organisation and their studies;
- subsequent retention and career progression; and
- any impact on numbers and quality of applicants to other recruitment opportunities.

Evaluation should lead to adjustments in the relevant activity to improve the process and/or outcomes. Where relevant, an overall assessment can be made of whether or not the change or intervention is worthwhile and should be continued.

Monitoring and evaluation, as well as workforce planning activity itself, often lead to insights into how the data available and how it is used could be improved. Acting on these insights can help to develop analytical capability (see [Developing relevant data and access to it](#)).

Planning under uncertainty

Uncertainty is ever present in almost all employing organisations. Business uncertainty and public policy affect workforce demand in private, public and third-sector organisations. Economic and social changes affect the labour market, and the behaviour of labour competitors affects workforce supply.

There are a range of approaches to the workforce planning process that can acknowledge and respond to such uncertainties.

Asking simple "what if" questions

In every part of the workforce planning process, it is useful to think about "what if" questions that can be used to generate a range of possible projections. The following are examples:

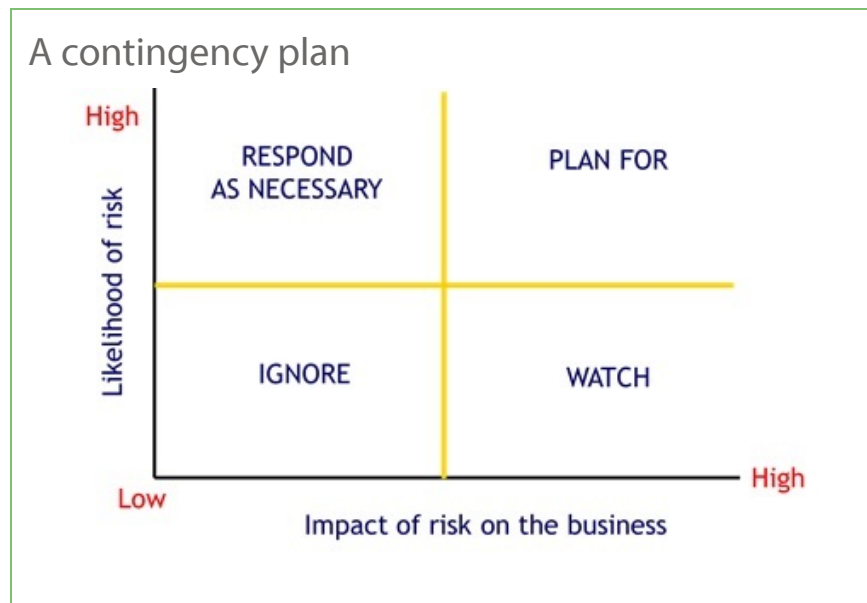
- What if business growth or contraction of volumes and budgets is bigger/smaller or faster/slower than the business plan suggests?
- What if labour turnover is higher or lower than estimated?
- What if major projects, for example implementing new technology, progress more quickly or more slowly than expected?
- What if the ability to recruit is easier or more difficult than expected?

These questions can be tested for their impact on future demand and supply, often leading to a range of projections rather than a single number. For example, recruitment to a critical group might be 40 to 65 people over the next three years, rather than assuming it will be exactly 53.

Contingency planning

The "what if" approach often leads very readily into contingency planning. In the model below workforce-related risks are examined to decide how to respond.

Some risks, such as a chronic skill shortage in a critical workforce group, may have both a high likelihood of occurring and a significant impact on the business. As these risks sit in the top right-hand segment of the model, they need to be taken into account in the workforce plan, even if forecasts cannot be precise.



Other risks, such as an adverse impact on labour supply of future immigration policy, may be serious but as yet unknown. Such risks need to be carefully watched.

Risks with lower business impact can sometimes be ignored or responded to with reasonable confidence as and when they arise.

Scenario planning

Sometimes the scale and impact of uncertainty is bigger than can be handled by simple "what ifs" and contingency planning. This applies most frequently to planning further ahead in circumstances where significant strategic choices will be driven by major factors in the external environment.

These factors can affect both labour demand and supply and might include:

- rapid regulatory change, such as speeding up business responses to climate change;
- major shifts in opportunities for international trade;
- a significant, long-lasting reduction in the availability of workers from other countries; and
- unexpected shifts in the size or economic participation rates of different demographic groups.

Scenario planning examines the possible impact of this type of major factor on the business and on workforce demand and supply. A particular business and workforce scenario will often combine several factors working together. For example, what happens if international trade is buoyant, driving high levels of employment, but resulting in an increasingly restricted labour supply? External research and experts are often used to develop and explore relevant scenarios.

The organisation's leaders then need to consider the implications of different scenarios for business and workforce plans. With the idea of risk remaining centre stage, the intention is to identify where preferred workforce strategies and actions would need to change according to how scenarios really develop.

Adaptive planning

Adaptive planning incorporates uncertainty into how decisions and actions are taken. Plans are still made, and actions taken, based on the best available information. However, a heightened awareness of the changing context and the impact of current actions leads to more frequent adjustments of actions to keep the organisation moving in the right direction.

Although this may not sound revolutionary, it challenges the notion of what a plan is and the way individuals and teams are held to account for meeting agreed goals, which are seldom adjusted sufficiently often to meet changing circumstances.

Planning to build in workforce agility and flexibility

Many organisations talk about organisational and individual agility, adaptability and resilience. These concepts, if taken seriously, also have consequences for workforce planning. Rather than just hoping that individuals become more flexible, there are several types of flexibility that can be built into work design and people management.

These include the following:

- Jobs designed to cover a wider range of work tasks, and multiskilled people who can mix and match tasks as required. This is sometimes called functional flexibility. It requires staff who are willing and able to learn more, and a willingness on the part of the organisation to invest more in such people. The benefit is in being able to flex demand across a range of work without having to adjust supply.
- Contractual or numerical flexibility, allowing the organisation to increase or decrease supply more readily at no additional cost. Engaging staff on zero hours contracts is a clear example that provides many benefits to employers, and some employees, but also has negative consequences for others.
- Flexibility in when and where work is performed. Companies that conduct software development in their UK offices in the daytime and then switch it to their team members in India overnight are using both these types of flexibility.
- Workforce diversity. This can improve flexibility if different groups of staff from different backgrounds and on different educational and career pathways can help meet shifting business needs.
- Change readiness of the workforce. This can be encouraged by a supportive, coaching culture and by involving employees in the change process.

Developing the capability for workforce planning

Organisations need to ensure that they take practical steps to acquire the capability to develop and

sustain workforce planning.

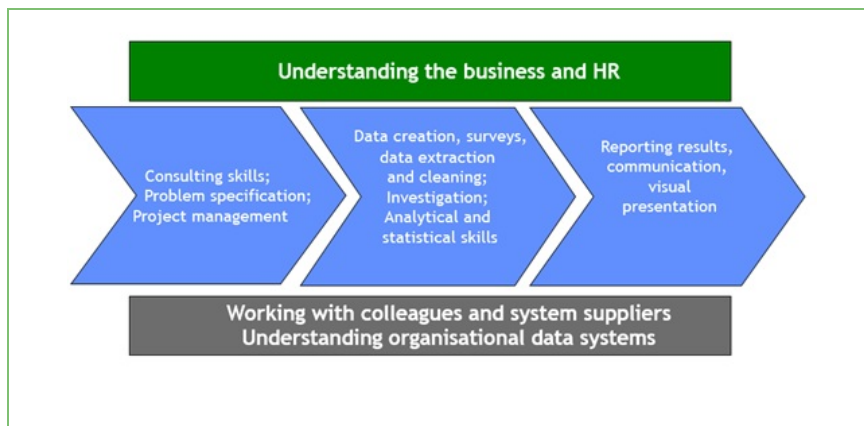
Who does what in workforce planning ?

A number of different roles within the business have a part to play in workforce planning:

- Senior business managers should be the owners of workforce planning. Depending on the type of workforce planning activity, these senior managers may be accountable at a corporate, divisional, local or functional level. A good guide is that those responsible for budgets and decisions on resourcing should also be responsible for the planning that provides a framework for those decisions.
- HR has a facilitative role, as in people management generally, and also needs to ensure that the process is clear and choreographed across the business and different planning time frames. Different, but linked, processes may need to be specified for operational (annual) and strategic workforce planning. Local planning, for example to control monthly or weekly staffing and costs, normally sits with local management and their HR support function, working closely with finance.
- HR also has responsibility for ensuring that the necessary data is gathered and can be easily accessed and analysed. This involves working with the business information function and thinking carefully when information systems are being commissioned about what data will be needed for workforce planning and how it will be used. Some organisations are developing business analytics teams to generate, pull together and analyse data across business functions. This can work well if someone in HR is able to act as an "intelligent customer" to the team, not simply in relation to routine reporting but in relation to the more in-depth investigation required for workforce planning.
- As in other fields of HR, such as reward or talent management, there should be a senior role responsible for process design and the more technical aspects of workforce planning. This individual should have a good understanding of both the theory and the practice of workforce planning.
- HR business partners should work closely with the parts of the business with which they are aligned on their workforce issues and the devolved aspects of planning.
- Workforce planning needs to operate across the silos in HR. This means sharing workforce analysis and framing actions with colleagues in recruitment, development, talent management, reward, employee relations and organisational development.
- Workforce planning needs to operate across business functions and those leading it in HR need to collaborate closely with their colleagues in strategic planning and finance. Working with these functions from the start of the workforce planning process will ensure that information on future business goals and resource allocation, including their plans for people, are shared.

The skills for workforce planning

The model below summarises some of the skills needed by those with a specialist role in workforce planning.



Workforce planning is sometimes a job in itself in a large organisation. More often it is combined with other specialist roles such as talent management, recruitment, learning and development or workforce analytics. HR business partners are often expected to provide the main support to workforce planning in the business units or functions they cover. People in any of these roles who provide specialist workforce planning support need to be skilled in:

- workforce planning concepts and techniques;
- consulting and communication skills, to understand and meet the needs of managers at varied levels;
- understanding the business, including its risks and external environment;
- accessing and manipulating relevant internal and external information, both numerical and qualitative; and
- collaborating effectively with colleagues in HR and other functions, especially planning and finance.

HR generalists and line managers who are involved in a less technical way in workforce planning need an appreciation of the principles of workforce planning, the organisation's business and workforce planning processes, and the questions it is sensible to ask. They also need to adopt the workforce planning "mindset" of looking longer term, using evidence and thinking about risks and choices.

Developing relevant data and access to it

Workforce planning will be made easier if the organisation has an HR information system that has the functionality to capture data and analysis across the business and over time.

Functionality to aim for includes:

- a flexible enquiry interface with computer systems, so that managers and HR business partners can drill into data themselves, reducing the need for large volumes of routine reports;
- the ability to combine core data with data dealing with, for example, training, succession planning and recruitment that is held on other systems or modules;

- coded fields for workforce groups to link post and people data - grade is usually held, but means much more when combined with the function/main skill areas of the job and the occupation or profession of the person;
- the ability to add additional fields and codes as needed (without this incurring major additional expense); and
- consistent trend data over time - the minimum is a snapshot of people and posts at the start of each year and the ability to analyse joiners, leavers and job moves.

Practical tips for workforce planning

Workforce planning helps managers surface and share their assumptions and understanding, identify options and agree on actions that align the workforce with business needs. It also creates the habit of challenging assumptions and looking for relevant evidence to inform employment decisions.

This list of practical tips has been developed through research and practical experience at the Institute for Employment Studies, and informed by the CIPD's Workforce Planning Guide.

- Engage managers early in the process and use discussions to understand their current resourcing issues as well as their insights into upcoming changes.
- Assess the future demand for people, not just future workforce supply. This means asking relevant questions about business priorities, productivity and how work will be organised, including the use of technology. Take into account that demand is also influenced by external drivers including the political, economic, social and legal environment.
- Remember, both demand and supply should be looked at in terms of numbers but also in terms of the skills people will need: this means behaviours and attitudes as well as job-specific knowledge, qualifications and experience.
- To understand demand-supply gaps, remember to factor in leavers and vacancies created by internal moves as well as any new roles. Understanding wastage is vital in managing workforce reductions.
- Pay particular attention in analysis and action planning to workforce groups that are strategically or operationally critical to business performance and difficult to recruit to. These often present the greatest risks to the organisation's ability to deliver its strategy. Growing skills for critical workforce groups requires planning and investment but is often cheaper and less risky than relying on recruitment to fill demand-supply gaps.
- Ensure that workforce plans link to practical action in the recruitment, development and deployment of people, and where appropriate in areas such as work design and reward. Remember that action plans need to be monitored and their impact evaluated.
- Be aware that, when faced with high levels of uncertainty, projecting current trends can be misleading. Use broader scenario planning to explore the impact on resourcing risks in different contexts. Take into account that workforce agility and flexibility can be increased not just by

flexing employee numbers or the type of contract on which individuals are employed, but also by multiskilling and considering where and when people can work.

- Make sure that accountabilities for workforce planning are clear and well communicated. They can be a mix of central and local, depending on where resourcing decisions will be taken for different workforce groups and the different time frames. Remember, workforce planning should be owned by the line but needs effective support from HR, working closely with the business planning and finance functions.
- Take into account that clear and consistently coded data on both workforce demand and supply will be required and this needs to be specified when information systems are procured. Demand data should link numbers of posts with costs and productivity. Supply data includes flows as well as numbers of staff and their demography. Both demand and supply data need to track trends over time and include contingent workers as well as permanent employees.
- Keep in mind that the HR function needs analytical skills and business understanding to turn data into useful management information that addresses real business problems and informs decisions. Senior HR leaders need to engage with quantitative as well as qualitative data in framing people strategies and plans.

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