



Guide  
Spring 2010

# **Workforce planning**

Right people,  
right time, right skills



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# OVERVIEW

The CIPD believes workforce planning – having the people resources in place to deliver short- and long-term objectives – should be a core process of human resource management. The CIPD's HR Profession Map and flagship research programmes Next Generation HR and Shaping the Future all point to the need to invest in strategic planning. Therefore, after a period when workforce planning has been less prominent on the HR agenda, workforce planning can be seen as a way to enable sustainable performance by providing the basis for better decision-making about the future needs of the business in terms of its people resources.

The key messages from this practical guide are:

- Workforce planning is an integral part of people management and provides the context for most other activities concerned with the acquisition, development and deployment of people resources.
- Workforce planning flows from organisational strategy and links people management into the operational business process.
- The planning process must be organisation-wide and requires effective communication between HR and the business as well as input from a variety of stakeholders.
- Good-quality information is vital for good planning and this information must flow both from within the organisation and from external sources.
- This information should contain an appropriate mix of 'hard' metrics-based information to inform in the short term and 'soft' strategic intelligence to plan for the future.
- Workforce plans should not be overly complicated but they must address both current and future needs.
- Workforce plans need to be robust enough to manage the business in the short term while flexible enough to cope with a range of future scenarios.
- The practice of workforce planning varies considerably but there are a number of common issues driving processes to identify, collect, analyse and communicate information. These can then inform action to create the appropriate workforce to deliver future services and products.
- Evaluation and review should be embedded into the process of workforce planning with information on outcomes feeding back into the planning cycle.

## CIPD view

Workforce planning is a core HR process and presents an important opportunity for HR to 'raise the bar' and be involved in building the strategic plan for the future of the business. Currently, while HR practitioners appear to recognise the importance of workforce planning in principle, for many there is a 'knowing-doing' gap. The organisations interviewed for this guide recognise the strengths and weaknesses in their approach to workforce planning and many of them are in the process of improving their approach and developing tools to assist managers in accessing the planning process and identifying and implementing actions.

This guide aims to provide some information either to help practitioners embark upon a planning process or to improve existing practices. It includes models and case study examples based on research with a wide range of public and private sector organisations of various sizes.

The guide is suggested reading for resourcing and recruitment managers, business partners and generalist HR managers seeking to develop workforce planning processes with the business. It may also be useful to talent management and learning and development professionals.

**Part 1** of this guide considers the question 'what is workforce planning?' and the relevance of this concept for organisations today.

**Part 2** looks at 'why do workforce planning?' and identifies the potential drivers for workforce planning activity, and its business planning context.

**Part 3** gives some guidance on 'how to get started on workforce planning' and examines the information required to create a plan, the design of the planning process itself and how it links to other areas of HR and the technology available to support the process.

**Part 4** tackles the issue of 'how to implement workforce planning'. It considers the process of implementation, the roles and responsibilities of those involved, and how to ensure effective feedback and review and adequate communication.

**Part 5** considers 'workforce planning in practice' and provides some top tips from practitioners who took part in a forum to discuss the issues raised in this guide. It also summarises the challenges and enablers identified by our research and considers what further support might be useful.

# PART 1

## Introduction

### Context

The need for organisations to have the right people, in the right place, with the right skills at the right time, is one that is frequently extolled in the HR community. In practice, planning to ensure you have the people resources in place to deliver the short- and long-term objectives of your organisation is challenging. Over the last 20 years the term 'workforce planning' fell out of favour. Our literature review (see Appendix 2) reveals that the failure of statistical plans to keep pace with a fast-moving reality led to them being abandoned en masse. In their place, more immediate strategies such as resource planning were adopted and new terms such as 'talent management' have been embraced.

However, the need for strategic planning is once again on the agenda. Evidence from our Shaping the Future research programme demonstrates that one of the potential drivers of sustainable high performance is the organisation's ability to develop plans that balance their short- and long-term priorities. Our Next Generation HR work similarly demonstrates awareness of planning as a dynamic process that helps to 'future-proof' the organisation.

This current research found organisations were engaged in workforce planning not just to 'right-size' for the current downturn but also to have the capability in place to thrive in the future and to make

sure they continue to attract and develop talent to deal with a range of future scenarios.

### What is workforce planning?

Both our review of the literature and the interviews we undertook for this guide reveal there is no commonly understood definition of workforce planning and the term tends to embrace a range of activity. In fact we found that many organisations are doing more in terms of workforce planning than appears at first glance, but this is often a collection of practices such as succession planning or talent planning rather than a systematic effort to review and develop the entire workforce. Our website poll reveals the extent of activities taking place under the umbrella heading of workforce planning (the percentage figures refer to the percentage of respondents saying they carried out that activity as part of workforce planning):

- succession planning (62%)
- flexible working (53%)
- demand supply forecasting (53%)
- skills audit/gap analysis (49%)
- talent management (42%)
- multi-skilling (36%)
- role design (35%)
- risk management (34%)
- outsourcing (29%)
- career planning (28%)
- scenario planning (20%).

### About the research

Insights and recommendations in this guide are based on a series of telephone interviews with 17 organisations of varying sizes in the public and private sector. As well as speaking to HR directors and specialists in resourcing we also interviewed a number of business managers.

In addition to carrying out telephone interviews, we made case study visits to:

- Birmingham City Council
- Dorset Police Authority
- Harrod UK
- Pearson Engineering
- Siemens
- University Hospitals of Morecambe Bay NHS Trust.

A complete picture of workforce planning in each of these organisations appears in Appendix 1.

We also carried out a literature review (see Appendix 2) identifying issues and trends, and a short website poll (see Appendix 3), which received 135 responses between December 2009 and February 2010, both of which have informed our analysis.

In addition, the term 'workforce planning', is not being used consistently. Whereas the public sector tend to talk about 'workforce planning', in the private sector it is being used interchangeably with other terms such as 'resource planning' and, in one case, 'manpower planning'.

So how is the concept of workforce planning understood by practitioners? The box below provides some evidence from our research.

In the next part of this guide we move on to consider the reasons for doing workforce planning in more detail. Before moving onto this section, you may find it useful to consider the reflection points in the box on the right.

### Reflection points

- Are you carrying out workforce planning in your organisation?
- What are the objectives of workforce planning in your organisation?
- What is working well currently, and where are the challenges?

## What is workforce planning?

There were a range of definitions of workforce planning, including those that were related to the operational needs of the organisation:

*'Workforce planning is ensuring labour is correctly allocated to each project in order to achieve our customer's delivery schedule.'*

Those that were concerned to ensure there were sufficient medium-term resources in place effectively deployed:

*'To get the very best talent in the right roles and at the right time and giving the benefit of reduced costs.'*

And those that were to satisfy the organisation's longer-term objectives:

*'Forecasting supply and demand – understanding what you've got now and what you might need in the future.'*

Taking into account the various definitions provided by the practitioners we interviewed and by other authors and commentators (reviewed in our literature search in Appendix 2) as well as the perceived needs of organisations in the future, we propose the following definition.

### Workforce planning: a CIPD definition

A core process of human resource management that is shaped by the organisational strategy and ensures the right number of people with the right skills, in the right place at the right time to deliver short- and long-term organisation objectives.

# PART 2

## Why do workforce planning?

***Delivering the business plan. If you want to put metrics on it: right people, right place, right price to deliver what you signed up to.***

Toby Peyton-Jones, Director of Human Resources, Siemens

In this section we discuss the business planning context for workforce planning and the drivers of workforce planning together with its objectives.

The CIPD's HR Profession Map highlights the need, at a high level, for HR to have strategy insights and solutions:

*deep understanding of the business activities, strategies and planning and underlying barriers of and drivers to sustainable performance, and needs of customers and employees – and unique insights to drive business performance through the creation and delivery of human resources strategy and solutions.*

The need for workforce planning is also evident from the description of several of the other profession areas, such as resourcing and talent planning, organisation design, and learning and talent development. These are referred to in Part 3 (page 10) of this guide.

Find out more about the CIPD HR Profession Map, and a tool for CIPD members to help with professional development, at [www.cipd.co.uk/hrpm](http://www.cipd.co.uk/hrpm)

### Business planning context

The individuals who took part in our telephone interviews stressed that workforce planning emanates from the business plan and that its primary objective is to ensure the organisation can deliver its business objectives.

*'You can't really have a workforce plan without a well-articulated strategy because a resource plan is subordinate to the business plan.'*

*'If you are going to build a house you need a plan to work out how many bricks you need.'*

*'Business planning is driven by two things: organisational need, business strategy – what the organisation is trying to achieve in the short, medium and long term.'*

So for many of the organisations that provided data for this work, workforce planning is a core part of the business cycle, and happens within an agenda or direction-setting process that may look 5 or even 20 years ahead.

For some years, the HR literature has argued that workforce planning is a key aspect of people management and development, which links business strategy to people management. It might even be argued to be the starting point for people management as it seeks to define the labour force that is required now and in the future to deliver the products and services that customers demand.

However, for many years the reality – based on the evidence of our literature review (see Appendix 2) and manager observations – is that managers only become interested in workforce planning when they have to: when they are faced with a restructure or sudden shifts in demand for goods. The danger is they then make knee-jerk reactions because the data that would fully inform them about the workforce they need to make their business successful in the future is not available.

Perhaps the past apathy towards planning and the recent resurgence of interest can be explained by differentiating between 'hard' and 'soft' workforce planning.

'Hard' workforce planning is about numbers. In the past this often revolved around using past trends to predict the future, matching supply and demand for labour with the result that plans were often out of data before the ink was dry. Now there is more emphasis on management information that can help

understand cause and effect of certain phenomena. This means that metrics alone are not enough, they need to be analysed and understood in context.

'Soft' workforce planning is about defining a strategy or developing a strategic framework within which information can be considered. With the increased emphasis on agility and responsiveness there is a growing realisation that good-quality management information is the key to identifying and maximising the drivers of performance. This approach to planning gives managers the opportunity to consider a range of possibilities before they are forced into action by circumstance.

The key is about getting the right balance between the two to ensure good-quality data is considered in the right context to get the best possible inputs into decision-making.

Alex Merrylees, Head of Resourcing and Development at Virgin Atlantic, describes how for an airline the workforce planning process is led by its aircraft acquisition/fleet plan. *'The aircraft order plan is determined well in advance, which means by default there is commitment to airline capacity and fleet size. Although it won't be known what networks you are going to fly until further down the line, you certainly know that you are going to have aircraft that will be utilised and this will start to indicate the size of the operational work groups. Aircraft can't be left unused because that would be monstrously expensive.'*

Siemens operates on the basis of 'portfolio management' of a set of businesses: *'We are driven by working out which businesses we can be good parents to.'* This informs decisions about which businesses to acquire (for example in new growth areas such as wind power technology) and which to dispose of when they no longer add value, but may add value to a different parent.

The perils of a failure to workforce plan are described by James Fox, HR Adviser, Corporate Support Team at Aberdeen City Council:

*'Your biggest budget is for staff so if you are financially planning you should be workforce planning. Unless you have a workforce plan you don't know if you can deliver your service plan...'*

Another interviewee told us:

*'Historically we've gone from year to year. Now we're trying to come up with a planning process which says we have this year nailed and now need to think about the next three, five, ten years...so we can make decisions based on the data and on long-term trends which can be anticipated. It's no good us arriving in three years and finding we only have half the qualified staff needed.'*

The implications for the process of workforce planning are considered in Part 3 of this guide.

## Drivers of workforce planning

While there are variations in the specific drivers between sectors, industries and individual businesses, we found a number of common themes, which are illustrated in Figure 1.

The model in Figure 1 shows the four main categories of forces driving workforce planning and informing its objectives based on an analysis of our interview data.

### Internal drivers

#### Organisational strategy

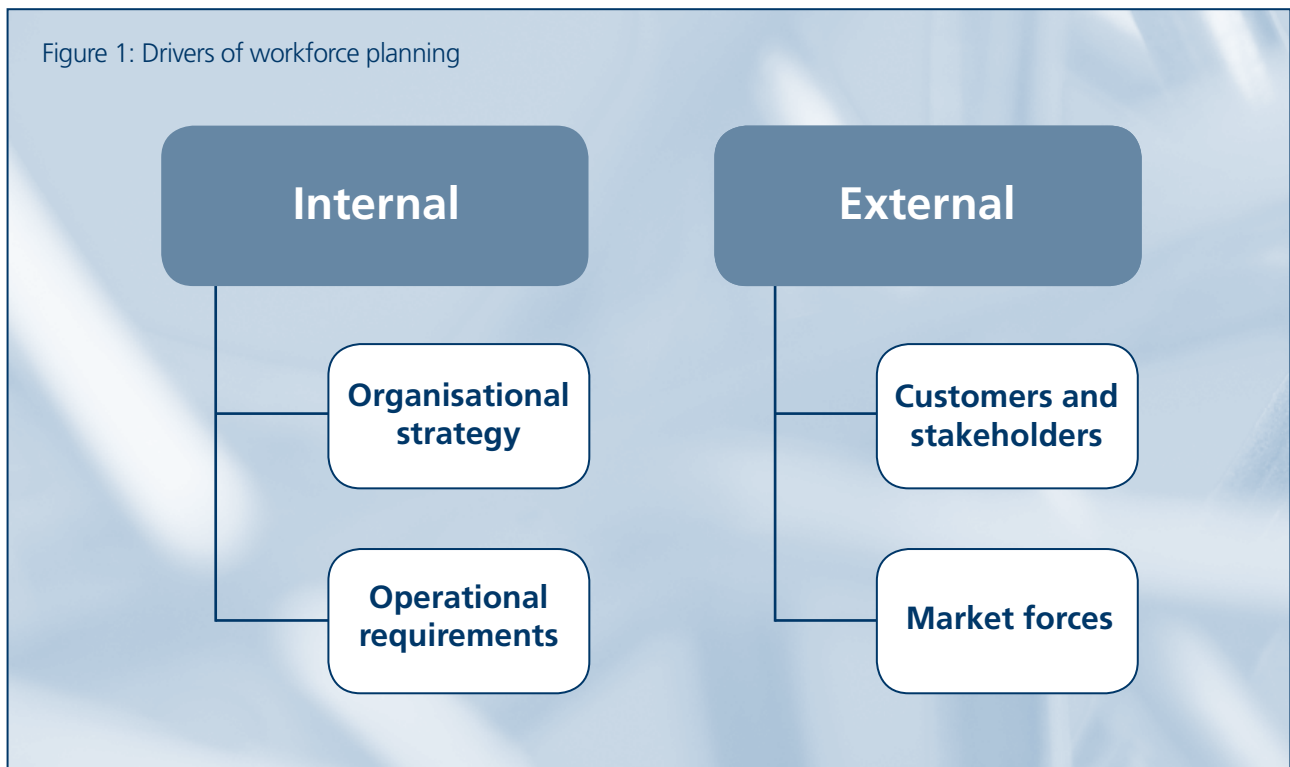
All our respondents cited organisational or business strategy as a driver. As Alex Merrylees from Virgin Atlantic describes:

*'Workforce planning should allow you to commercially focus where you need to plan and develop labour and, frankly, where you don't. It's about managing workforce risk in that context.'*

Changing business strategy can also impact on workforce planning.

For Boston Scientific (a manufacturer of medical devices), the acquisition of another pacemaker business four years ago was significant in prompting workforce planning activity. It increased the size of the company by a third: *'There was a step change in the number of employees and the market environment in which we were hiring.'* There was also a change in the business strategy and the culture. This became *'the start point when we started to think seriously about changing our workforce planning'*.

Figure 1: Drivers of workforce planning



#### Operational requirements

At Dorset Police, Graham Smith, Director of Human Resources, outlines the challenges of day-to-day planning to deliver a 24/7 emergency service:

*'...we have got to make sure that we have got sufficient people turning up for work every day in the right locations and with the right skill sets to be able to cover everything – from patrol activity and work within safer neighbourhood teams through to major crime investigation and firearms support. The degree of professionalism and specialisation involved in policing today is significant and, given the resource limitations, effective workforce planning is essential for the force.'*

Recessionary drivers were also evident in short-term planning. Many of our respondents reported that turnover had decreased and in the wider economy temporary measures such as short-time working and sabbaticals are evident in managing the downturn in demand for labour in the short term. Redeployment was also an important activity for many businesses suffering in the recession.

*What has happened in the recession is that people hung onto their people more than expected... They've realised this is an investment and now they have made that switch they realise that people need to be deployed in the best way, and need to be used more innovatively.*

Tim Berkley, HR Director, Boston Scientific

A number of organisations also talked about the need to effectively plan, budget and manage the recruitment process (in particular through a shared services centre) as a factor driving workforce planning activity. This dynamic at work is illustrated by the following example.

*'The objective of workforce planning activity is to get the very best talent in the right roles and at the right time, giving the benefit of reduced costs. The aim is to space out and plan recruitment (in terms of pre-work on the employer brand, attraction campaign, assessment) in order to get the best people in front of you rather than be "running to fill jobs."'*

#### External drivers

Workforce planning does not take place in a vacuum – it is also prompted and informed by external influences.

## Customers and stakeholders

Different stakeholder groups can influence the planning process depending on context and sector.

In the private sector the pressure to satisfy shareholders on an annual basis can take priority over longer-term planning, as one HR manager commented:

*'Because the business has to satisfy shareholders every year we've been very focused on the coming 12 months with an outline for three years. Now we're a successful business in the sector, we feel we have to look wider otherwise we'll make knee-jerk decisions.'*

Planning also has to reflect customer needs.

Eric Collins, Managing Director at Nampak (a medium-sized packaging manufacturer), describes it as follows:

*'We need to retain some key customers and are looking to put together a more robust strategy. We're focused on customer retention with clear business objectives and actions... As part of that we will be looking at the people we need to deliver these objectives.'*

Stephen Moir, Corporate Director: People, Policy and Law at Cambridgeshire County Council, describes the significant influence external stakeholders have on workforce-related activity. Public opinion has a 'huge impact' – be that around views on public sector pay, job reductions the council is making (which can lead to political pressures through county councillors who represent the individuals losing their jobs) through to the kind of services they believe it is the role of the council to deliver. There is also a tension between what trade unions want for their members – for example in respect of terms and conditions – and public opinion and the financial reality. Stephen also identifies a third group that can have influence: inspectors and regulators.

## Market forces

This includes social trends and other factors that are likely to have an impact on future demands for products and services and the skills needed to deliver them. It also includes labour market issues that might impact on the supply of appropriately skilled labour.

Toby Peyton-Jones, Director of Human Resources at Siemens, refers to their business environmental

analysis of 'megatrends', which highlights the strategic direction of the markets in which Siemens operates.

What these 'megatrends' look like will vary between organisations.

In healthcare there are a number of complex 'market' forces, referred to by Roger Wilson, HR Director, University Hospitals of Morecambe Bay NHS Trust:

*'One of the the fascinating factors of the NHS is [the tension between] infinite demands and finite resources. Resources are also getting slimmer because of the squeeze on the public purse. Demand for services is going to go up, due to the ageing population.'*

He emphasises the need to plan on a health economy, rather than an organisational basis.

*'We are not an island – we're part of a cluster of islands that need to work together. If we want to manage the demand on acute services we need to work with community sector primary care.... Social care makes it even more complicated because that is delivered by local authorities.'*

In local government there is growing awareness of the way that service provision and the nature of jobs are likely to change. It's anticipated that in light of financial constraints there will be less direct provision and a much greater focus on commissioning and quality assurance. As more services will be commissioned there will be a greater need to invest in commercial expertise – for example how to negotiate contracts and manage procurement. This will impact on skill requirements, the approach to learning and development and ultimately on job design.

Many organisations are concerned about the ability of the external labour market to meet their future needs:

*'We're worried about an ageing and predominantly male workforce, which we need to address from a planning perspective.'*

*'We have concerns about where the project management and specialist skills are going to come*

*from in the future so we have to plan now to make our industry more attractive to graduates.'*

Alex Merrylees, Head of Resourcing and Development at Virgin Atlantic, highlights the fact that the number of people going into aviation engineering is less than it has been in the past. At the same time, *'the technical complexities are not getting any less as new aircraft are made of different materials with constantly developing software systems. There is also concern about the age demographic of the engineering sector and increased competition from other engineering disciplines. Global factors also need to be taken into account, with the growth of big airlines in the Middle East hoovering up available engineers. These are the kind of macro-level issues that affect your ability to access the right labour. So that feeds questions about what might one do about it and what the solutions are.'*

When it comes to the supply of labour, Alex also emphasises the need to consider not just your own immediate workforce. If you have offshore processes, *'it can be someone else's labour that you rely heavily on for operational or service delivery. So I would say don't just think of it in terms of direct employment.'*

In practice there will be a combination of factors driving your workforce planning activity. You need to be able to identify and understand what they are in order to put an effective plan together. Being able to articulate the imperatives for planning is one of the criteria to get planning embedded and supported across the organisation.

### Reflection points

- What is driving workforce planning in your organisation? Is there a balance between its short- and longer-term objectives?
- Which people requirements have the ability to derail your business plan, for example which critical skills may be in short supply?
- Have you analysed your external environment?
- Are you looking beyond your organisational boundaries when planning your future resourcing needs – for example partnership working, use of agencies, outsourcing and offshoring?

# PART 3

## How to get started on workforce planning

*I sometimes think the HR profession believes workforce planning is more elaborate and sophisticated than it needs to be. Essentially it is about forecasting both the demand and supply of labour, understanding what you have got now and what you might need in the future.*

Stephen Moir, Corporate Director: People, Policy and Law, Cambridgeshire County Council

This part of the guide looks at how organisations might develop the process of workforce planning, what information is needed, how it links to other HR and business practices and the supporting role of technology.

### Workforce planning process

Based on our research and the experiences of our interviewees, we have put together a suggested process bringing together some of the elements of workforce planning, shown in Figure 2.

#### Stage 1 – business strategy

Planning must start with the business strategy. The first stage of workforce planning will be influenced

by three elements: organisational strategy, people strategy and the operations plan.

In many of the organisations we interviewed, workforce planning starts with the strategic priorities from which the people implications are derived. Workforce information gives an understanding of the current situation and what needs to change to meet these strategic requirements in the future. Such information includes numbers, location and skill requirements.

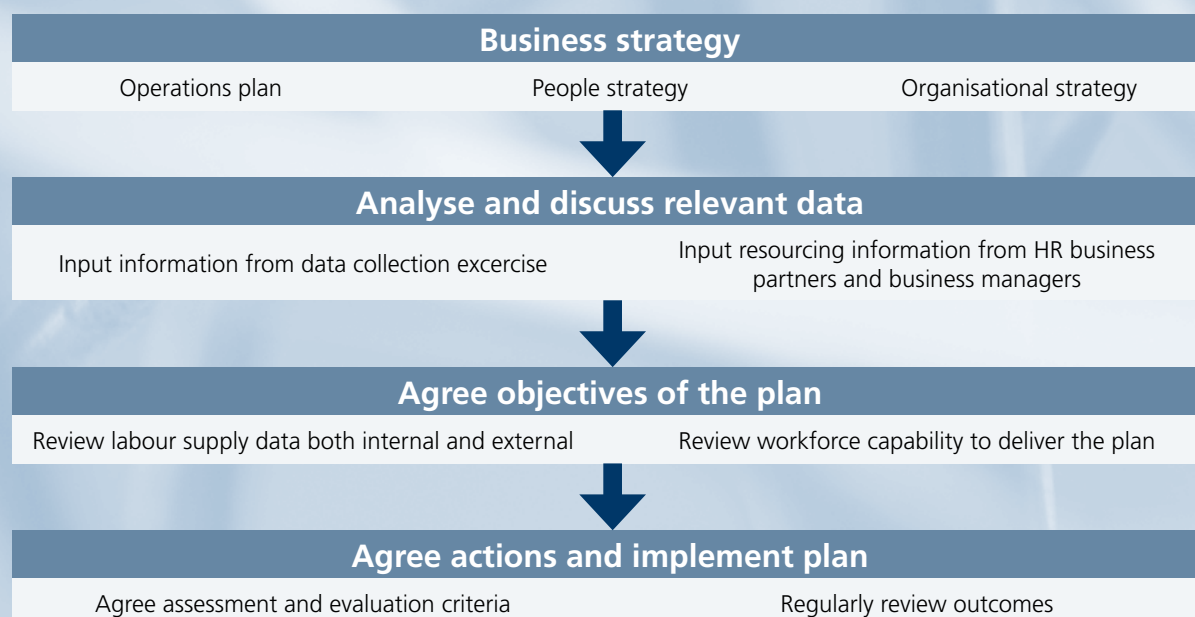
#### Stage 2 – analyse and discuss relevant data

The next stage of the planning process involves discussion and dialogue around the relevant and available data. At this stage HR and business managers may feed in their observations and predictions around resourcing requirements, which will be considered alongside the information described above.

#### Stage 3 – agree the objectives of the plan

These discussions should result in agreement about what the plan is trying to achieve, which will then need to be reviewed against available resources so planners will need to review:

Figure 2: Process model for business planning



- the supply of labour, both internally and externally
- the potential capability of the workforce to develop new skills, raise performance and productivity and adopt the behaviours necessary to innovate and adapt to change
- identify and recommend recruitment and development activity that may be needed.

So it is at this point that any skills gaps or deficiencies in training provision will need to be taken into account. Many of the practitioners we interviewed told us that at this stage they consider the views of line managers on the numbers of people they believe they required to maintain operational activity.

At this stage it may also be necessary to differentiate between the aspects of the plan relating to numbers of people, jobs and skills, and that relating to the deployment of those people and skills to make sure they are fully utilised.

#### Stage 4 – agree actions and implement plan

The final part of the process involves developing

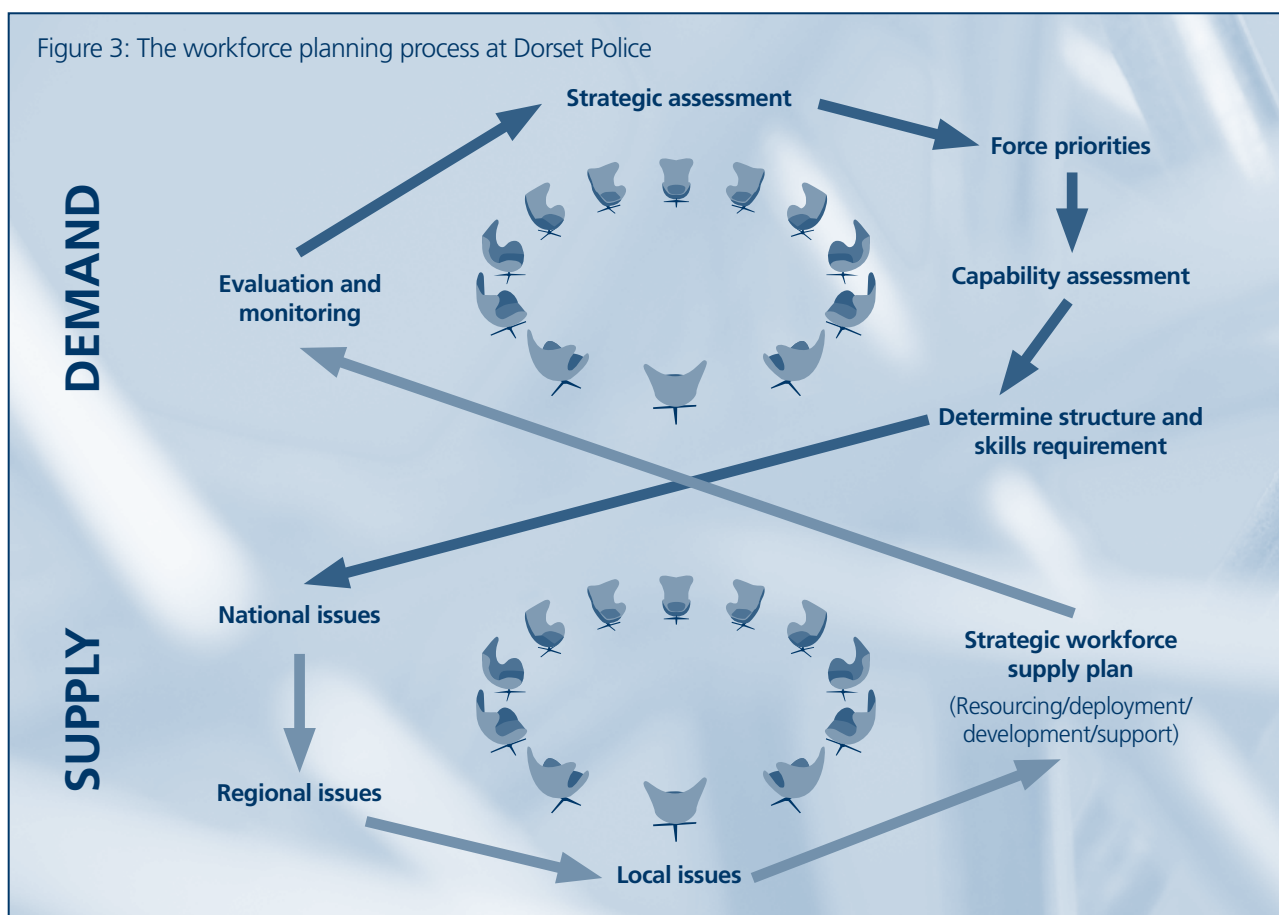
actions from the analysis of all the information gathered and discussed. This analysis will need to be operationalised in terms of, for example:

- recruitment – numbers and levels
- training – objectives
- learning and development – realising potential
- organisation structure – managing job groups and roles
- deployment – informing management processes to positively use the human resources available.

This will need to be communicated to managers to enable them to identify the actions they need to take and to shape their behaviour, for example in deciding how they fill individual roles.

Within this part of the process it is also necessary to consider how other HR practices such as talent planning, succession planning, developing workforce capability and skills development will link (see links to other HR practices below).

An example of the model used to guide the workforce planning process at Dorset Police is shown in Figure 3.



You can read more about Dorset Police and the process of workforce planning in our case studies in Appendix 1. The implementation stage of workforce planning is discussed in more detail in Part 4.

### Workforce planning information

Once you know the process you are using to carry out workforce planning you will need to source and analyse relevant data.

This is needed to understand likely requirements for the:

- future **supply** of labour – that is, what people are going to be available within the organisation and for hire in the labour market?
- future **demand** for labour – that is, what does the organisational strategy tell us about the likely demand for labour? How many people are we going to need, in what jobs and what skills and capabilities will they need to have? As one interviewee described:

*'It is about making sure that you are getting the right information into your plan, continuously being conscious of what is going on in the external environment and making sure that you are making the connections across the business.'*

This comment makes an important point about the relevance of the information you use for workforce planning in relation to your business plan.

Practitioners collect this information in different ways. For some this is a bottom-up data-collection exercise, where extensive consultation takes place with line managers and business heads asking for their requirements over the planning time period in terms of numbers and skills. This is then considered along with financial information and business projections to come up with a workforce plan to deliver business objectives within an agreed budget. In other scenarios, information-gathering is more in the context of an ongoing dialogue with a variety of stakeholders to inform on a number of aspects, including performance and organisational capability.

In the public sector in particular there is an emphasis on external information to inform the likely future

demand for services and the nature of services, for example eldercare, childcare or both. At Birmingham City Council, for example, they were looking at predicted birth rates against school numbers and the number of head teachers. In the NHS they use population statistics to plan for healthcare needs.

The kind of information that practitioners told us is important for workforce planning is summarised in Figure 4.

This model is explained in more detail below and might help practitioners consider what information it might be useful to collect and analyse.

### Qualitative – internal

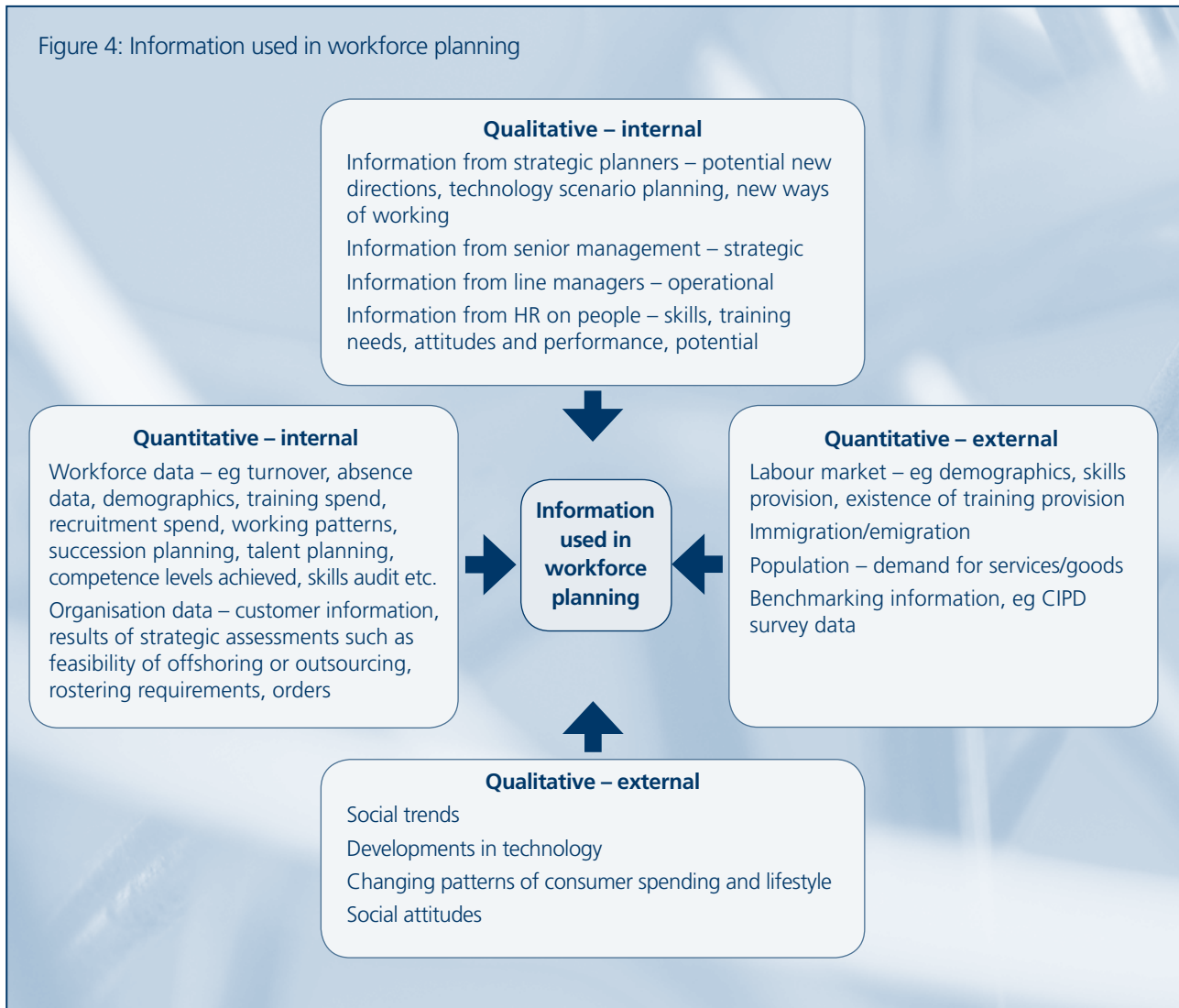
Strategic planning information is a cornerstone of workforce planning. For example in the NHS this is highly centralised and comes from central government in the form of the strategy and direction of healthcare provision. In smaller companies, such as Harrod UK (a small organisation manufacturing sports equipment and selling horticultural items by mail order), workforce planning is part of the business planning cycle that takes place annually. At Birmingham City Council, workforce planning starts from the organisation imperatives in delivering the best possible services against a backdrop of tight budgets. To assist they are using complex modelling to predict what drives demand for certain types of services to enable them to manage the demand as well as fulfilling the needs. You can read more about this in the full case studies on Morecombe Bay NHS Trust, Harrod UK and Birmingham City Council in Appendix 1.

Getting input from senior managers on intentions, direction and business focus over the planning period is vital.

Many of our interviewees stressed the need to ensure that senior managers were involved in and gave priority to the planning process. There was agreement that plans would only be successfully implemented if this was in place.

Line manager input is also a significant part of the workforce planning process for most of our interviewees. So it was a common practice for workforce planners to solicit information from line

Figure 4: Information used in workforce planning



managers on their high-level operational requirements as well as the more quantitative resourcing requirements, differentiating between resource planning, succession planning and talent planning.

*'It's a case of chipping away and being out there in the business and trying to get them engaged with the [workforce planning] tool. Without that it's still very much owned and driven by HR.'*

Hazel Stimpson, HR Manager, Harrod UK

Finally in this category comes the strategic people management information that could be relevant to workforce planning. This includes information on ethos and values, brand, employees' attitudes and so on, all of which might have an impact on the organisation's ability to develop and retain the workforce needed to deliver strategic objectives in the medium to long term.

#### Quantitative – internal

In this box we find more of the operational data that can be used to inform the resourcing requirements necessary to deliver business objectives in the short- to medium-term. For example:

- employee turnover rates
- absence data
- demographic profile to forecast retirements
- data from skills audits
- numbers of employees in job groups.

Many of our interviewees were collecting quite detailed information on customer or project requirements that would have specific implications for both the numbers and capabilities of people who would be needed to deliver them.

At Nampak the workforce planning process is always informed by what business they are winning. In the short term, workforce planning is about resourcing operations to fulfil the needs of new contracts as quickly as possible. Hence the kind of operational data they need is around how quickly they can attract and secure the right people.

At other case study organisations the strategy of workforce planning is encapsulated in a framework for direction-setting or future planning, but the actual content is informed by operational data predicting the likely volume of work or customer requirements needing to be fulfilled within the planning period.

#### Qualitative – external

This box includes information on external forces beyond the organisation's control but that might have an impact on the likely future demand for goods and give indicators as to the nature of goods that customers might demand in the future. It would include:

- social trends
- lifestyle trends
- consumer attitudes
- technological innovation.

Our public sector organisations in particular reported that this kind of information was necessary to ensure they designed a service provision model that met customer needs. For example, the shift to one-person households is impacting on housing provision and economic and social trends impact on the numbers and types of crime committed, the type of goods bought and levels of health and well-being.

#### Quantitative – external

This area of information is linked to the above but provides harder metrics such as supply of labour linked to the provision of training both at the national and local level, population statistics and demographic data informing on the ethnic, age and gender mix of the population together with migration rates.

So, for example, in the NHS the planning cycle looks up to 20 years forward predicting demand for different types of healthcare depending on the make-up of the

population and lifestyle choices that might impact on health informed by both national and local statistics. In other parts of the public sector external data plays an important part in carrying out strategic assessments to determine the threats and opportunities in terms of what services will need to be provided. This is then fed into strategic priorities to determine workforce planning. Plans are also informed by the supply of suitably qualified individuals – for example the number of nurse or teacher training places or engineering degrees on offer.

Conducting an external environmental analysis is a useful way of identifying relevant quantitative and qualitative data for workforce planning. You can find the CIPD factsheet advising on how to use the PESTLE tool to help in this process at [www.cipd.co.uk/factsheets](http://www.cipd.co.uk/factsheets)

#### Links to other HR practices

Workforce planning does not occur in isolation. As discussed above, our web poll revealed a wide variety of activities taking place under the workforce planning banner. However, from our discussions with practitioners it became evident that there are a number of practices that have a clear link, as shown in Figure 5.

We found a number of different ways in which workforce planning related to other HR activities. In some cases the practices were integral and in others it was more about managing the flow of knowledge from one to another. Whatever the relationship looks like, in practice the crucial issue is that there is alignment between the different activities and that they support each other. In larger organisations this will require communication and co-operation with colleagues elsewhere in the business.

You can read more about which activities related to workforce planning are being carried out by looking at the results from our website poll (see Appendix 3).

#### Resourcing and talent planning

For many of our interviewees a clear outcome of workforce planning was about informing resource plans:

Figure 5: How workforce planning links to other HR activities



*'It gives us a pretty good idea about how many people we are going to need to cope with the predicted demand in the coming year, and tells us how many people we need to recruit given the data on turnover etc.'*

*'With budget constraints greater than ever, it's really made you focus on demand, growth and attrition... At the moment [workforce planning] is more about internal activities than going to the external market.'*

Talent planning was seen as an integral part of workforce planning for some. For others it was more about sharing information between the two processes. As one interviewee put it: *'if talent management and development is happening without a workforce plan you can be busy developing people – but for what?'*

#### Learning and talent development

Workforce planning should inform decisions about development, particularly about the kind of skills that organisations need to develop for the future and the

kind of people they need to attract to develop their capacity to grow and achieve sustainable performance. As one interviewee described:

*'We end up with a two-way discussion about resources. We are able to start developing people to move into these jobs in two to three years because we have a clearer picture of what they will look like and what they will need to do them.'*

#### Organisation design and organisation development

We found several examples where real thought was being given to what the future shape of jobs and shape of the organisation might be – with clear implications for workforce planning. In many instances this was around generating information to inform the likely shape and content of 'jobs' in the future. In others it also entailed getting a better understanding of reporting relationships and communication lines.

In terms of developing their organisations, many of our interviewees commented that workforce planning

was enabling them to identify and generate better information to inform decision-making, which is the essence of classical organisational development. This ability to get better insight into the mechanics of the organisation is also an issue that permeates much of our research on sustainable performance.

### Employee engagement

While this linkage may be one that is less obvious, it's important to bear in mind in the context of workforce planning, as shown by this comment:

*'We sometimes forget that we have to recruit our own people every day and employee engagement is part of resource planning.'*

Toby Peyton-Jones, Director of Human Resources, Siemens

### Using technology to support workforce planning

The literature review carried out for this research (see Appendix 2) points out that a basic Google search using the terms 'workforce planning software' produces an excessive and overwhelming list of consultancies offering models and software to assist organisations. However, these models can often be expensive and overly complicated. The majority of HR professionals that have developed their own tailor-made workforce planning models do so with the aid of IT packages (for example, Excel).

Our CIPD website poll finds 19% of organisations are making use of specific software or IT solutions to conduct workforce planning. In several cases specific technology was being applied to shift rostering – for example to manage leave and facilitate shift swapping. However, the most common use of technology mentioned by our interviewees was Excel and they generally felt there was little dedicated software on the market that they would find of value.

Tim Berkley describes how at Boston Scientific they are able to use 'Excel wizards' to help with the workforce planning process:

*'We have PeopleSoft for HR and SAP for finance data – and like everyone else we are struggling with the match between the two. Now we're moving onto closer collaboration between the systems so we can*

*combine the data to use in a business information sense. Rather than purchasing a system we think a lot of these things can be done with super Excel skills.'*

Most of the people who participated in this research agreed that technology has a vital role to play in helping provide good-quality data, which underpins workforce planning.

*'We're moving into an era where data will be critical for decision-making in HR.'*

Toby Peyton-Jones, Director of Human Resources, Siemens

The larger organisations taking part in this research talked about the importance of their enterprise-wide systems in providing the data for workforce planning. Reliable information about the make-up of the current workforce is needed in order to then extrapolate – for example in terms of planned and unplanned turnover – when forecasting future resourcing needs.

A good example of the role technology can take in a wider workforce planning process can be found in the Birmingham City Council case study in Appendix 1.

### Reflection points

- What kind of information is available in your organisation to inform workforce planning? Do you need to put mechanisms in place to collect data to inform planning? Have you got the skills to do this?
- What planning processes already exist in your organisation? What is the involvement of HR?
- Are you already carrying out planning activities such as talent planning or resource planning? Are they linked with each other or business strategy? How easy would it be to link them together as workforce planning? What might this involve?

# PART 4

## How to implement workforce planning

***We need to respond to changes in demand. We need to be flexible.***

Harrod UK Design Manager

In this section of the guide we look at how workforce planning is implemented, who is involved and the division of roles and responsibilities. We also consider how the planning process should be evaluated using a dynamic process of feedback and review and how the plan is communicated.

### The implementation process

Once the plan has been developed and agreed it needs to be translated into action. Effective workforce planning needs to focus on results and actions and be subject to constant review and feedback.

Some of our interviewees were still at the early stages of designing their workforce planning process and

hence have little experience of implementation.

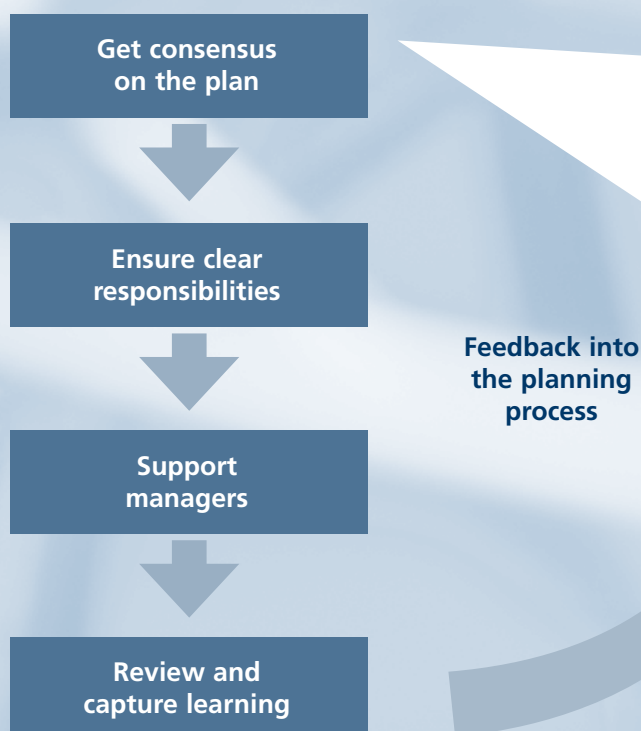
However, there was broad agreement around a number of issues that would have implications for successful implementation. These are shown in Figure 6.

This model might be useful for practitioners to implement workforce planning in their organisations and review the context for implementation in terms of the culture, skills, management competence and support available to put the plan into practice.

### Get consensus on the plan

The need for wide-ranging consultation with internal and external stakeholders to inform and agree the plan has already been explored in the previous section of this guide. Good workforce planning results in a plan that all parties can agree to and understand the rationale for the actions that need to be taken. There should be 'no surprises' when it is communicated and implemented.

Figure 6: Implementing workforce planning



A good example of the plan being translated into practical activity was seen at Dorset Police. Here the workforce plan is designed to be translated into specific activity for the HR function. The head of personnel services commented:

*'It's not just a fancy document. It's now seen as a live working document that's valuable to all of us. Now we can't think what we would do without it.'*

### Ensure clear responsibilities

Workforce planning is an organisation-wide activity and as such requires buy-in from all parts of the organisation and at all levels. As such, it should not be seen simply as an HR tool to inform mechanistic processes such as recruitment or training spend but as a tool to manage the business.

Within most organisations a wide variety of people participate in workforce planning discussions, from

senior managers to business strategists and operational line managers. However, our website poll indicated that senior management (88%), HR (84%), finance (46%) and line managers (10%) were the groups most likely to be involved with workforce planning.

Some of the key activities associated with workforce planning are summarised in Table 1, with suggestions about which individuals should take ownership of them and where they should plug into the wider business planning process.

Tim Berkley from Boston Scientific highlights the role of data-modellers as providing crucial skills within HR to deliver workforce planning:

*'One of the keys to success is having the right skills. It's about having good people in expert roles who know how to crunch numbers. And having these data crunchers really is the key.'*

Table 1: Workforce planning roles and responsibilities

| Workforce planning activity                                                                         | Organisational owners                                    | Related business planning activity                                                                                                                                                                                                                   |
|-----------------------------------------------------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Determine overall frame and objectives of workforce planning                                        | Board/executive management                               | Developing organisational strategy with input on people dimension: <ul style="list-style-type: none"> <li>• business plan</li> <li>• HR strategy</li> <li>• corporate governance</li> <li>• key organisation purpose, aims and objectives</li> </ul> |
| Provide information on future plans and business direction and resource requirements to fulfil them | Senior managers                                          | Develop business plan at unit level: <ul style="list-style-type: none"> <li>• operational plans</li> <li>• input information on cross-organisational resourcing needs</li> </ul>                                                                     |
| Input information on skills requirements, working time, rostering requirements, resourcing needs    | Line managers                                            | Develop departmental plans. Communicate team goals and objectives. Input into operations plans                                                                                                                                                       |
| Input people management information and metrics                                                     | HR                                                       | Translate business plans into local HR plans. Provide expertise and guidance on developing skills, performance and workforce capabilities                                                                                                            |
| Pull information together and produce draft plans for discussion with all stakeholders              | Workforce planning specialists, including data-modellers | Access the business planning process to collect and analyse relevant data                                                                                                                                                                            |

In Cambridgeshire County Council, as in many organisations with more sophisticated workforce planning process, line managers are required to play a key role in planning:

*'Workforce planning is not isolated from line managers' responsibilities for service delivery or budgets. It's part of working out what their priorities are for the coming 12 months, what budget they have to deliver it and what people and, more importantly, what skills and service delivery models they might need.'*

Stephen Moir, Corporate Director: People, Policy and Law, Cambridgeshire County Council

### Support managers

Inevitably workforce planning will result in a number of outcomes that will have implications for line managers. There may be a number of actions they will need to take to deploy their resources most effectively, they may be required to recruit or develop their resources and on a day-to-day basis they will be responsible for ensuring that resources are available to meet requirements.

They will therefore need support to ensure they have the skills to participate in the planning process and the knowledge to act on the outcomes of the process. There were some good examples from the research where organisations were putting in place processes to support line managers in this respect.

At Boston Scientific HR Director Tim Berkeley describes the kind of coaching activity HR has been carrying out with managers:

*'We encourage managers to develop their business planning skills including workforce planning skills. We get them to think through what high performance and low performance looks like and what they should be expecting of people. Encourage them to anticipate turnover so they can think about what to do when the resignation turns up on the desk. This has helped people become much more structured in their thinking and have discussions about how they think the market is changing and what skills they are going to need this year and next year. They might then think about how they get those skills internally and what they need to do to unlock them, such as*

*development plans for existing staff and succession planning. The result is a better two-way dialogue about skills and numbers rather than just sitting down with HR to discuss vacancies.'*

Some organisations were developing tools to enable line managers to access workforce data and use it in their decision-making. The Birmingham City Council tool is described in some detail in their case study (see Appendix 1) and includes innovation labs and workshops enabling people to use people management intelligence to respond to a range of possibilities.

Other less complex but nevertheless successful tools include an example from City & Guilds, as Anita Lancaster describes:

*'The tool has been developed in two phases. The first phase involved taking a snapshot of current resources using hard data where possible. For example looking at types of roles across the organisation, at what level they occur, how many people are in each and the make-up of the workforce, use of temps and contractors, etc. The tool is visual and gives headcount data with associated costs. It also identified the roles which act as feeder roles to the critical posts within a Directorate and captures data on talent cost and vacancies as well as anticipated vacancies due to turnover or retirement. The objective of phase one is to enable managers to understand what resources they have, what they cost and how they are using them.'*

*'Phase two builds on the information collated in phase one and focuses on the capability required to deliver strategy and informs succession planning. It enables managers to identify their core technical skills and their core soft skills and to look to the future to understand how these might change and therefore what action they might need to take in terms of managing current resources to plan for the future and any actions they may need to take to unleash the talent of staff.'*

In some organisations a plan is passed over to business units for action. The plan is communicated to business managers or unit heads along with an explanation about what it means for their business unit and what actions they ought to take to ensure the

optimum resourcing levels to deliver their objectives. Responsibility is then passed on to the unit and it is up to them to act upon it and report back on progress. Their feedback would be systematically collected and used to inform the future planning process.

### **Review and capture learning**

Our interview research demonstrated that the key outcomes for workforce planning relate to the achievement of desirable business outcomes – with the right people in the right place, with the right skills at the right time. But what this looks like in practice is likely to vary considerably over time and in the short term fluctuates in terms of the resources necessary to deliver the goods and services demanded.

Essentially for most organisations workforce planning is about building a picture of the future and assessing what human resources will be necessary for the business to be successful in this context. Measurement and evaluation should therefore be easy – how accurate was the prediction and do we have the right people to do the things we want to do?

However, evaluation is never straightforward and our interview research confirmed that most people find it difficult to assess the impact of workforce plans. Despite this most are capturing some information from the planning process itself and were hoping to develop better evaluation techniques in the future to demonstrate their ability to make more accurate predictions.

### **Identifying and setting the evaluation criteria**

One of the difficulties appears to be that people do not always build evaluation criteria into the planning process. When they do, the impact of planning is often much clearer as they are able to assess progress against specific targets. Some of the targets for workforce planning specified by our interviewees included the following:

- changing the shape of the organisation
- flexibility of the workforce
- quality of the management information available for decision-making
- time taken to resource new projects
- workforce capabilities – for example behaviours, skills and capacity to innovate.

Some examples from our research interviews are provided below:

In one organisation we spoke to they attributed some hard measure to the outputs they were hoping to achieve. One objective was around flatter organisational structures, which they evaluated by collecting data on the number of reportees to manager. Another was around engagement, which they evaluated by collecting engagement scores across the organisation and comparing by department.

In Cambridgeshire County Council one of the definitions of success is continuity of service. For example, they acted upon the information that told them the majority of the senior management team in Libraries were due to retire within 12 months of each other.

### **Feeding back the learning**

It's essential that the plan is reviewed and revisited to check progress, refresh the plan and to keep it meaningful. So as well as reviewing the plan against the evaluation criteria, there needs to be a mechanism to capture any learning to support the development of the planning process in the future.

Two examples of how this learning process or review is happening in practice from the research are shown below:

One of our interviewees described a people forum that meets monthly attended by HR where they discuss the plan, how it's going, if it's on budget and if the forecasting is accurate. This information is then fed back into the planning cycle on a regular basis.

At Harrod UK the HR manager produces a monthly report showing comparative performance against the plan. Actions can be taken using trend information identified by the reports.

Most practitioners in our research agreed that open communication helps to engender support among the whole manager cadre and minimise suspicion from employees about intentions. One of our interviewees stressed that in their organisation they were keen to make sure workforce planning is not 'cloak and dagger' and, therefore, use the company newsletter to keep employees and managers up to date with what's going on.

### Reflection points

- Could you agree consensus on a workforce plan?
- Can you identify the individuals or groups who will take responsibility for the different aspects of workforce planning?
- Do your line managers have the necessary skills and are they supported to take the actions necessary to implement the plan?
- Do you have communication mechanisms in place to communicate the aims and objectives of the plan and capture feedback?

# PART 5

## Workforce planning in practice

### *Workforce planning is as much art as science.*

Graham Smith, Director of HR, Dorset Police, at CIPD Resourcing and Talent Planning Forum event.

Many organisations we spoke with are still at the early stages of identifying and embedding a workforce planning process and we did not identify a single best way to go about it. However there's agreement that essentially workforce planning is about making sure the human resources are available to deliver the business plan.

We used part of a CIPD Resourcing and Talent Planning networking event to give attendees first sight of the findings from our research – and also to draw out and share their tips for 'what works' when it comes to workforce planning.

This section of the guide gives you:

- highlights from practitioner advice as shared at our CIPD forum networking event
- a summary of the challenges and enablers of effective workforce planning as seen in our interview research for this guide.

### **'Top tips' from practitioners**

#### **HR must be involved in strategic planning**

HR needs to be a credible partner to the business and be involved and inform the strategic planning process for the whole organisation. Otherwise they will end up simply being reactive to the organisation strategy which emerges.

#### **Workforce planning is as much art as science**

No formula exists which will give you a workforce plan which is 'correct' to the finest level of detail. So much data is available to inform workforce planning that part of this art comes in bringing it all together – you won't be able to accommodate everyone's individual resourcing requirements.

#### **Plans must not be set in stone**

To be useful, workforce plans should be a 'living'

document. They need to be constantly refreshed and reviewed rather than sit on a shelf. Much of the value of workforce planning comes from the process of working to understand future workforce needs, rather than a simple document.

#### **No 'one size fits all' model**

There is not a single model for workforce planning which can be applied across all organisations. It's about developing processes and practices which suit your organisation, its culture and ways of working.

#### **Good-quality data is essential**

HR departments have access to a great deal of data already – you need to look at how you are using this information to inform your workforce planning. For example, are you using demographic information to anticipate when retirements are likely? Are you analysing and using information about why people leave your organisation?

#### **Know what you've got**

Make sure you have a good picture of the profile of your existing workforce. Do you have entry-level positions you can use to feed key roles in your organisation? Have you identified your low- as well as your high-performers and are you using this information to ensure relevant action is followed? How are you using this data?

#### **Link workforce planning to more flexible jobs**

Don't assume jobs in the future will be as rigid as they might be today. Use the workforce planning process to consider how people can be more flexible in the work they carry out to deliver the organisation's objectives.

#### **Relate workforce planning to the demands of a challenging economic environment**

Workforce planning has moved up the agenda for many in the current economic conditions. Organisations have been seeking not just to 'right size' the organisation to meet today's needs, but also ensure they have the foundations in place for longer-term performance. Public sector organisations in particular need to look at where they can make cuts

while avoiding long-term damage. HR should act on this opportunity and flag up potential risks.

Melanie Wood and colleagues at Birmingham City Council in Workforce Intelligence and Planning indicated the key components to the success of workforce planning. These included good quality and up-to-date management information, talent and succession planning, top management support, and workforce planning ‘champions’. Flexibility is also key to success with the workforce planning not being a ‘one size fits all’ scenario, but one that is flexible and responsive to service departments.

### Challenges and enablers

Table 2 is a summary of the things the individuals we interviewed told us that either particularly helped them to develop workforce plans or that got in the way of planning.

### Beyond this guide

This guide provides an introduction to workforce planning. It presents some suggested models, case study insights and advice to help practitioners work with their business colleagues to improve, or to put in place, workforce planning processes.

In the course of our research interviews and case study visits we have picked up on a number of interesting issues that we believe are worthy of further examination and discussion. We hope they will provide the basis for some more detailed insight into workforce planning – and the direction it is heading in – for those organisations that already have processes and practices in place.

You can stay up to date with our latest research outputs by visiting [www.cipd.co.uk/research](http://www.cipd.co.uk/research) and by signing up to our e-newsletter at [www.cipd.co.uk/update](http://www.cipd.co.uk/update)

Table 2: Challenges and enablers of workforce planning

| Challenges                                                                                                                                  | Enablers                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Lack of clarity or focus in the organisation strategy                                                                                       | A ‘triangle’ of conversation about future requirements between the business, HR and finance                           |
| A constantly shifting strategy                                                                                                              | Workforce champions in the business                                                                                   |
| Too much focus on the operational and budgetary planning at expense of longer-term planning or a strategic direction for planning           | Having a good process that enables everyone to feed in information and is informed by the needs of the business       |
| Processes that don’t join up, meaning information is not fed into the planning cycle or that effort is duplicated                           | HR and the line working together to understand future people needs                                                    |
| Failure to develop plans that are responsive enough to adapt to a changing environment                                                      | Understanding the difference between supply and demand for labour                                                     |
| Failure to review plans in the light of new information that indicates change                                                               | Bottom-up communication feeding the planning process                                                                  |
| Poor-quality data/systems                                                                                                                   | Good-quality data that people can believe, accompanied by adequate analysis to explain what it means for the business |
| Too much focus on the numbers of people required and not enough on capacity and potential to develop new skills and abilities in the future | Leaders acting on the data to make informed decisions                                                                 |
| An overcomplicated system or trying to do too much too soon                                                                                 | Regular planning cycle and reviews with feedback into the planning process                                            |
| Lack of planning skills and good guidance on workforce planning                                                                             | Developing managers’ workforce and resource planning skills                                                           |

# SOURCES OF INFORMATION

The following products directly related to this research can all be downloaded from the CIPD website.

## *Resourcing and Talent Planning survey report 2010*

Questions on workforce planning activity were included in this annual survey. From 16 June you can download the findings at [www.cipd.co.uk/surveys](http://www.cipd.co.uk/surveys)

## **CIPD research**

### **Next Generation HR**

The CIPD's Next Generation HR research looks at the changing nature of HR and some of the best and emergent next practice work that HR functions are engaged in. Our report *Time for Change – Towards a next generation for HR* debates how HR will develop over the next five to ten years. Learn more and join the debate at [www.cipd.co.uk/nextgen](http://www.cipd.co.uk/nextgen)

### **Shaping the Future**

Shaping the Future is a longitudinal action research study and engagement programme exploring sustainable organisation performance. It aims to advance both thinking and practice through generating new insight, provoking debate, and providing practical guidance and tools that can be applied in a work context. Discover more and join the movement at [www.cipd.co.uk/stf](http://www.cipd.co.uk/stf)

We also have a range of research, advice and guidance on topics such as talent management, learning and development, and measurement and evaluation.

Find out more at [www.cipd.co.uk/research](http://www.cipd.co.uk/research)

Keep up to date by signing up for our e-newsletter at [www.cipd.co.uk/update](http://www.cipd.co.uk/update)

Find out more about our special interest forums at [www.cipd.co.uk/forums](http://www.cipd.co.uk/forums)

## **CIPD HR Profession Map**

The CIPD HR Profession Map is a comprehensive view of how HR adds the greatest sustained value to the organisations it operates in, now and in the future.

It captures what HR people do and deliver across every aspect and specialism of the profession and it looks at the underpinning skills, behaviour and knowledge that they need to be most successful. It also creates a clear and flexible framework for career progression, recognising that both HR roles and career progression vary. Learn about the map at [www.cipd.co.uk/hr-profession-map](http://www.cipd.co.uk/hr-profession-map)

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**Dorset Police Authority**

**Harrod (UK)**

**University Hospitals of Morecambe Bay NHS Trust**

**Nampak**

**Pearson Engineering**

**Siemens (UK)**

**Virgin Atlantic**

# OTHER USEFUL SOURCES OF INFORMATION

The majority of websites providing information on workforce planning are designed with the public sector in mind. However, they can be beneficial for the private sector and provide a source of tools and guidance.

## **Improvement and Development Agency**

The IDeA website was developed to support councils with workforce planning. The website provides case studies, guidance, tools and techniques that were developed with the Institute of Employment Studies. Although it is focused on local authorities, it provides some useful documents and links. [www.idea.gov.uk/idk/core/page.do?pagelId=5448611](http://www.idea.gov.uk/idk/core/page.do?pagelId=5448611)

## **Healthcare workforce portal**

The website provides step-by-step guidance on workforce planning in the public health and social care sector but can also be a useful tool for the private sector. [www.healthcareworkforce.nhs.uk](http://www.healthcareworkforce.nhs.uk)

## **Department of Health**

Website provides information for the public health and social care sector on issues around workforce planning.

[www.dh.gov.uk/en/Managingyourorganisation/Humanresourcesandtraining/Modernisingworkforceplanninghome/index.htm](http://www.dh.gov.uk/en/Managingyourorganisation/Humanresourcesandtraining/Modernisingworkforceplanninghome/index.htm)

## **North East Regional Employers Organisation**

The website provides information on the overall concept of workforce planning and why it is important to work in collaboration with other stakeholders.

[www.nereo.gov.uk/wfp\\_whatitisit.asp](http://www.nereo.gov.uk/wfp_whatitisit.asp)

# APPENDIX 1

## Case Studies

### BIRMINGHAM CITY COUNCIL (UK)

#### Introduction

*'Workforce planning is a major challenge to all local authorities, particularly at a strategic and organisation level and done well will make a big difference in taking us to the next level of performance. As well as responding to the Audit Commission requirement to plan, organise and develop our workforce effectively, the approach to evidence-based workforce planning described here will be vital in supporting the achievement of our strategic priorities.'*

Stephen Hughes, Chief Executive, Birmingham City Council

*'We are building towards a clear and modern approach to planning our workforce, linked to financial and service planning, which will help us to achieve our ambition for a flexible and competent workforce.'*

Andy Albon, Director of Equalities and Human Resources

Birmingham City Council is one of the biggest local authorities in Europe, serving over 1 million citizens. The council covers a range of services, including housing, leisure, education, social care, and waste and recycling. Over 53,000 people are employed by the council. This workforce has a higher average age than the UK working population as a whole. The age of the workforce, coupled with a low turnover rate, has the potential to create long-term staffing issues. However the city has one of the fastest-growing young populations in Europe, and so has an opportunity to acquire skills from these individuals.

Around three years ago the council reviewed its HR services and as part of a major transformation project has divided its HR services into six centres of expertise, which are each headed by an HR business partner. Key delivery requirements for HR services focuses on:

- embedding manager and employee self-service through the development of 'People Solutions' management interface
- providing managers with the skills and expertise they need to manage effectively
- the development of a more flexible contract of employment, resulting in a more agile workforce

A centre of expertise for workforce intelligence and planning (WIP) was developed: highlighting the importance of workforce planning to the organisation.

*'Workforce planning enables organisations to respond more swiftly.'*

Workforce Intelligence and Planning Team

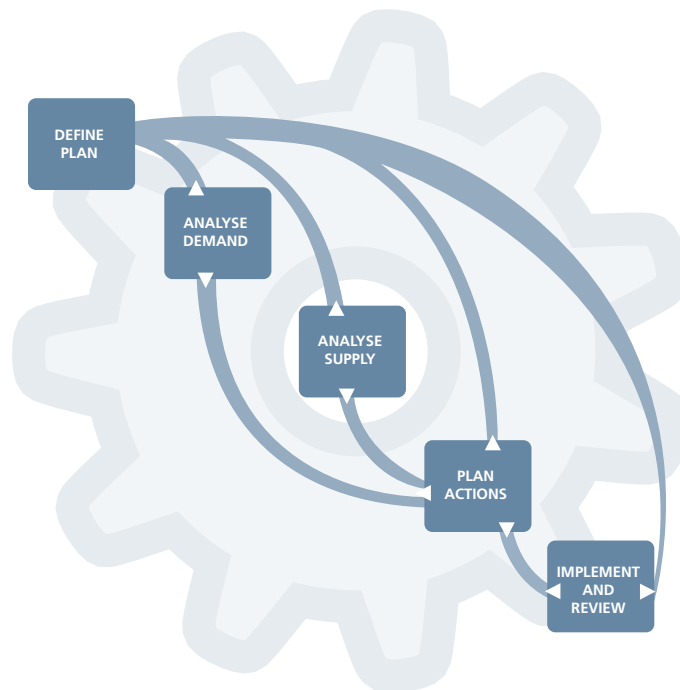
The efficiencies achieved through the work of the WIP team resulted in Birmingham City Council winning the Public Sector People Management Association (PPMA) award for 'HR Efficiency and Business Impact' in 2010.

#### Objectives

The WIP team focuses on 'understanding tomorrow's workforce today': in order to effectively plan and manage the workforce for 'the right people, in the right place, with the right skills at the right time'.

Workforce planning is a fundamental aspect of planning, along with service and financial planning, and is relevant in all economic climates. The WIP team is working to embed workforce planning into service areas so that they can step back from everyday workforce planning and focus on targeted strategic workforce planning, utilising more complex models and incorporating scenario planning. Through People Solutions, managers will not only be able to access online guides and frameworks, but also gain workforce 'intelligence' by accessing tools and reports to support forecasting of trends and future work requirements.

Figure 7: Five-step model



WIP has also worked in partnership with many internal and external groups, notably local university partners, to ensure that its work is aligned with and supports wider business strategies.

### Process

Workforce planning at Birmingham City Council is an annual activity, with a view to planning three years ahead. However it is important that this is continuously reviewed and evaluated throughout the year.

*'Each year is not unique and flows from the previous year. It needs to be evolving.'*

Service Manager

WIP includes three interrelated elements within its full delivery model:

- workforce planning
- people management and intelligence
- talent management and succession planning.

The focus is to support the organisation to move away from short-term 'resource' planning to planning for a medium- to long-term strategic, holistic and integrated view of the organisation. Using this approach Birmingham City Council is able to better understand the organisation

and its pressures over the next three years, and can link these into strategic-level workforce requirements in order to avoid disruption to service delivery. The three-pronged approach also supports managers in obtaining the people management intelligence that they will require to make strategic decisions, and to identify and develop key individuals to lead the organisation towards the future it has planned for.

The WIP team has developed a five-step model (Figure 7), which is designed to provide managers with key steps to help them plan their workforce. The model enables managers to examine drivers for change, assess the needs of the service users, and then consider implications on job roles, ways of working and skills requirements.

Five step model:

- 1 Define plan: what is the plan aiming to achieve?
- 2 Analyse demand: what workforce is needed in the future to deliver the service?
- 3 Analyse supply: what workforce is available currently and how is it likely to change?
- 4 Plan actions: what are the actions that will deliver the future workforce?
- 5 Implement and review: making it happen and keeping on track.

The process is supported by a simple SAP system tool that has been specifically developed to guide managers, and also to enable more complex modelling and scenario planning. Using the SAP system, managers can consider the impact of any internal or external changes to their staffing needs.

- Managers might link the number of births to the number of school places required in the next three to four years, in order to estimate the number of head teachers that are required.
- Scenario planning enables managers to visualise the impact of an ageing workforce, consider succession planning and balance skill levels to address potential skills gaps.

The WIP team emphasise the importance of numbers and figures not being set in stone, and that it is often the process of strategically thinking through workforce planning that is beneficial.

*'It was the process of workforce planning that was more important than the spreadsheets generated.'*  
Service Manager

Key components to the success of workforce planning include top management support, good-quality and up-to-date management information, integration with talent and succession planning processes and workforce planning 'champions' to drive the process through within the business. The approach is also flexible and responsive to different service departments and changing local and national agendas. HR business partners have a key role in supporting managers to develop core planning skills and demonstrating how they can best utilise the tools.

### Outputs and measurements

The main outcomes of Birmingham City Council's approach to workforce planning are:

- Workforce planning is clearly integrated with service and financial planning to produce a complete approach to business planning.
- Informed options for future scenario planning, and a clear understanding of medium- to long-term requirements for the council.

- Strategies that drive flexible and agile workforce management.

The WIP team has also engaged with other public sector bodies to support them in understanding this approach, and also to diagnose their current status and desired future maturity of their workforce planning capability. If you would like further information please email [wip@birmingham.gov.uk](mailto:wip@birmingham.gov.uk)

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## DORSET POLICE

### Introduction

*'The people who work for Dorset Police are talented individuals with skills, abilities, needs and aspirations. If we want that to continue we have to work hard to retain and develop our staff and make sure that we are an employer of choice for every community so that we can achieve a flexible, modern workforce with increased capacity and new capabilities.'*

Annual Policing Plan 2010/11, p9

Dorset Police is geographically divided into neighbourhood beats, supported by sections and two territorial divisions. This covers north Dorset, east Dorset, west Dorset, Christchurch, Purbeck, Weymouth and Portland, Dorchester, Bournemouth (north, central and east) and Poole (south and north). A total of 78 safer neighbourhood teams provide local policing based on the level of problems faced by communities. In addition to their normal policing responsibilities, Dorset Police are currently dealing with safety and security for the Olympic sailing and windsurfing and Paralympic sailing events, which are taking place in 2012. Dorset Police employs around 1,450 officers, 300 special constables, 150 volunteers and around 1,000 staff.

### Objectives

National, regional and local priorities are reflected in a shared strategic objective 'to make Dorset safer and to make Dorset feel safer' (Annual Policing Plan 2010/11). The main organisational objective is to be responsive to the public and achieve high consumer satisfaction. These objectives are underpinned by Dorset Police's workforce planning cycle and are developed from a customer focus

standpoint. Operational priorities and key capability improvement areas are identified annually and used to help achieve the strategic objective. Given the nature of policing, Dorset Police are required to adhere to national targets and priorities, in addition to working within police regulations. This has a significant impact on the development of a workforce plan. Economic climate, environment and political agendas also play a significant role. Dorset Police's policing plan is developed to reflect all of these factors and take into consideration any likely future changes that may impact on the force's workforce profile. Ultimately the plan is developed to 'ensure the Force appropriately targets its resources to provide the right people with the right skills at the right time to meet the Force's operational and organisational objectives' (Annual Policing Plan 2010/11).

To overcome these challenges, Dorset Police ensures that the workforce plan is a continuous cycle that is constantly being reviewed and evaluated. As a result the force has developed two perspectives: a three-year workforce plan that provides a general overview and focus, and a more workable annual plan. Both are fluid and responsive to changes in both supply and demand, and the sensitivities of budget changes. The workforce plan is made useable by dividing it into separate (but linking) cycles of supply and demand, producing a figure-eight cycle rather than a simple circle.

*'In other organisations this may be a single process, but for us it works better to see it as two distinct elements.'*

Director of HR

By separating demand and supply, it has allowed the force to be more responsive to changes and maintain flexibility.

### Process

Once devised, the policing plan is then used to feed into HR's activities, linking into key planning documents (including the force's recruitment plans and training business plans). Using a 'one team' philosophy (comprising police officers, police staff, special constabulary and volunteers), the workforce

plan is developed using an intelligence-led approach. The policing plan starts with a strategic assessment of the 'threat' to the public and involves an assessment of threat versus probability. Each threat is then given a score based on the assessment and is then further assessed against the force's capability to respond to the threat. This then populates the demand side of the workforce plan. The force then uses this information to develop the strategic workforce supply plan (for example staffing numbers, staff mix, staff skills and so on).

This ensures that recruitment, resource allocation and development are organised and programmed to match supply with anticipated demand (Workforce Plan, 2010/2013, p4).

The plan is then reviewed on a monthly, quarterly and annual basis.

### The role of HR

The HR department is responsible for fulfilling the supply side of the workforce plan. This includes examining the capabilities, size and structure of the force and matching this to the demand side of the plan.

*'Work done in HR underpins everything.'*

HR manager

The supply side of the plan can be divided into four areas:

- strategic resourcing
- strategic deployment
- strategic development
- strategic support.

The process also needs to take into consideration national issues, targets and funding, which can have a significant impact on the flexibility of the workforce plan.

Dorset Police predominantly has a low turnover rate, however, internal turnover amongst officers is high, with frequent movement between departments. This has implications on training and development

pressures and the strategic development elements of the workforce plan. A key element in fulfilling the supply side of the workforce plan revolves around recruitment. Due to the nature of the job, recruitment is a long-term process. For example, consideration of the demand and supply for the 2012 Olympic Games is already under way. HR are currently reviewing the intake of student officers and aligning them with the needs of the Olympic Games. Budget pressures have encouraged a review of efficiency savings around current roles and the reallocation of resources to the front line. This has included reviews of the current status of the workforce (for example analysis of the number of officers in operational and organisational support roles). Required budget cuts are being achieved through greater collaboration with other police forces, both operationally and 'back office' functions. Clearly this has the potential to significantly impact on the workforce plan and thus the force specifically assesses 'regional supply issues' as part of developing its plan.

The workforce plan is designed to be translated into real work activity for the HR department.

*'It's not just a fancy document. It's now seen as a live working document that's valuable to all of us. Now we can't think what we would do without it.'*

Head of Personnel Services

*'The workforce plan is designed to pull together all components and helps "concentrate the mind"'*

HR manager

*'Ultimately, HR is about ensuring the service is fit for purpose tomorrow, not just capable of delivering on today's operational need.'*

Director of HR

### Outputs and measurements

Performance is monitored against a comprehensive set of indicators and targets. Specific objectives for each three-year plan (including annual performance measures and targets) are set. HR service plans and performance packs are reviewed quarterly. Each component is constantly reviewed and assessed.

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## HARROD (UK)

*Setting the standard, leading the field, whatever it takes.*

Harrod (UK) Vision 2010

### Introduction

Harrod is the UK's leading supplier of sports equipment whose customers include Wembley and Millennium Stadiums, Twickenham, The National Badminton Centre and a host of Premier League football clubs. Harrod UK has in recent years diversified into the horticulture market with a mail order business. Based out of Lowestoft in Suffolk, the company employs around 120 people in a wide range of activities from manufacturing to cutting-edge e-commerce. Harrod UK has achieved both a European Foundation for Quality Management (EFQM) recognition for excellence 3-star award in 2007 and Investors in People (IIP) status for a fifth consecutive time.

The board of directors of Harrod (UK) provide high-level governance and strategic direction; a senior management team have responsibility for ensuring the achievement of long-term objectives; functional/departmental managers take on the delivery of these objectives in the short to medium term. An HR manager sits on the senior management team and works with individual managers on all people-related issues. The HR manager has responsibility for workforce planning.

### Objectives

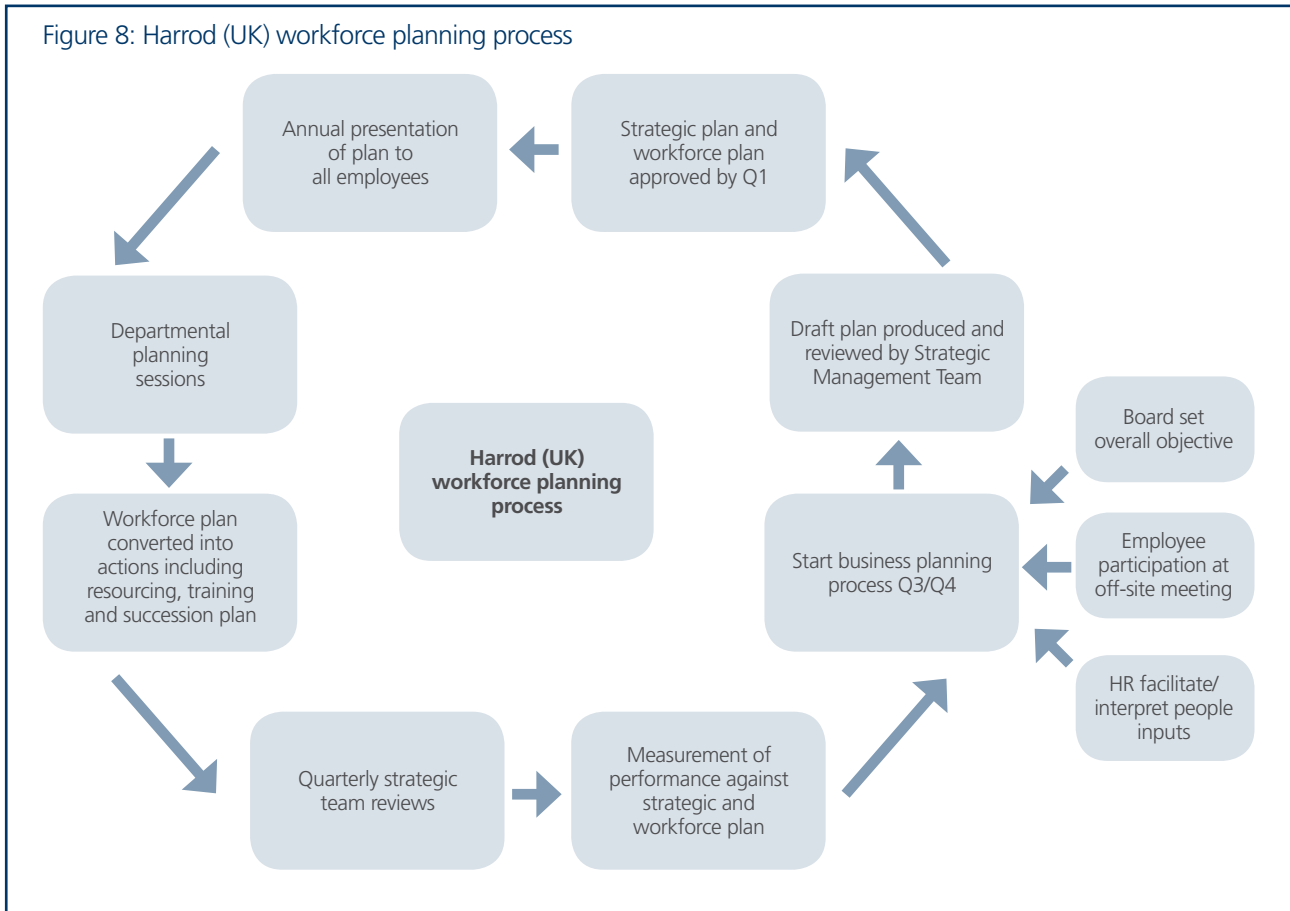
The creation of a multi-skilled, flexible workforce is the key driver in the preparation of the workforce plan, which has an overall strategic objective of ensuring:

*'the recruitment, retention and development of a high-quality and motivated workforce to enable all departments' business needs to be met.'*

HR manager

However, the workforce plan is also used to inform the short-term objectives of resourcing and training to meet capacity demand. Working closely with the manufacturing director, who uses MRP and other production forecasting tools, the workforce plan allows the HR manager to anticipate demand for skilled resource and ensure its supply either through

Figure 8: Harrod (UK) workforce planning process



training, redeployment, inter-team transfer, or by provision of temporary agency workers:

*'Workforce planning is an integral part of the job. Everything is linked to it.'*

Manufacturing director

### Process

Workforce planning takes place as part of the annual business planning process. This starts in November of each year with an off-site meeting, which includes all members of the workforce. Harrod (UK) regards its business planning process as two-way, intended to foster a collaborative partnership with all managers, facilitators and employees. There is an opportunity at the November meeting for employees to suggest new ideas, products and ways of working. The discussion takes place in the context of a long-term (four-year) objective for the company around which the business plan is developed. The objective is directional:

*'You need a marker, something to strive for.'*

Chief executive

The feedback from the November meeting is discussed within the senior management team and in February each year the business plan is agreed and produced, which includes the annual training plan.

In essence this is a four-year rolling plan with longer-term aims and objectives that are directional rather than specific. The fine detail of how these are converted into action is worked out in 12-month plans – for the overall company and for each department – which are then used to develop the budget. The workforce plan is integrated into the overall plan and not treated as a separate entity.

### The role of HR

External information used in the preparation of the plan includes economic growth forecasts, PESTLE and SWOT analyses and estimates of customer demand; internal ideas from the company's employees are also taken into account. As well as facilitating the process of data-gathering on how these will impact on people management, the HR manager also feeds into the process with labour forecasts and skill shortage/surplus estimates (derived from TNA and other HR tools).

*'HR's critical role is to support the management of Harrod UK in achieving its future business objectives.'*  
HR manager

Once the 12-month workforce plan is agreed, it is used to inform a range of HR activity:

- The workforce plan will identify future succession needs and a succession plan will be developed.
- It will identify skills shortfalls deriving from new products, technology or market development, which will lead to training plans – as a result of workforce planning Harrod (UK) has developed a multi-skilled workforce able to respond rapidly to changes in business demand with a ratio of one externally trained trainer per eight employees.
- It will indicate new ways of working or organisational changes from which HR actions will be required.
- The workforce plan has implications for reward, since the achievement of 12-month objectives (in particular customer service objectives) leads to a profit share and bonus for all employees.

A key responsibility of the HR manager is to ensure that the people implications of the business plan are communicated effectively to the workforce. This is done through regular employee meetings with departmental managers together with regular cross-functional meetings chaired by the company manufacturing director and through a quarterly publication, *Team Spirit (team talk)*, which is issued to all employees. Communicating and engaging employees on all aspects of the workforce plan are seen as critical success factors:

*'The workforce plan can enhance work-life balance, which leads to motivated employees and the delivery of business objectives.'*  
HR manager

### Outputs and measurement

The two 'tools' of workforce planning used by HR, the manufacturing director and line managers are the Access database and spreadsheets (the latter used mainly for succession planning). In addition, business systems and processes (MRP, monthly reports, and so on) are used to derive progress against the workforce plan. In simple terms the most important measures of effectiveness are whether the business has enough resource to meet its objectives,

whether employees are motivated and whether they feel informed about the direction of the business (information gathered through staff survey and appraisal data). Specific measures include those on performance against objectives, profit per employee, production efficiency improvements and key HR measures, such as absence and turnover. The HR manager produces a monthly report showing comparative performance against the plan. Actions can be taken using trend information identified by the reports:

*'We need to respond to changes in demand. We need to be flexible.'*  
Design manager

In summary, workforce planning at Harrod (UK) is largely operational, 12 months in duration and budgetary but with a directional, four-year, strategic overview. At the heart of workforce planning is the key driver of providing appropriately skilled, flexible and motivated employees to achieve the company's business objectives.

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## PEARSON ENGINEERING (UK)

### Introduction

Pearson Engineering Services are a £10 million, 200-employee, privately owned UK company manufacturing steel fabrication bespoke products. The current focus is on landmine clearance for the defence industry. The company is based in Newcastle and most of its customers are international businesses also located in Newcastle.

### Process

Workforce planning in Pearson Engineering Services is defined by the nature of the business in which it operates. This has two elements. On the one hand the company manufactures large-scale capital projects taking up to a year to complete; while on the other it has short-run orders to fulfil. While the lead time for securing contracts on large-scale capital projects can be as long as five years, the order to go ahead and manufacture can happen with only a week's notice.

*'Constraints are placed on us which make it difficult to plan ahead. It's hard to plan for the unknown. So I keep an ear to the ground and a weather eye on what's going on.'*  
Manufacturing manager

Pearson Engineering Services has, over time, built an effective business model to deal with this unpredictability. The workforce model to overcome the challenges of future business forecasting is based upon the principle of assuming 'infinite capacity'. In practice this is achieved by a 'flexi force' approach in which a core group of employees is supplemented by recruitment, redeployment or subcontracting. Because manufacturing is on a project by project basis, an understanding of numbers and skills available in the workforce at any one time is critical to the success of the company. To ensure that the anticipated demand for labour can be met, there is a regular dialogue between business managers, including face-to-face meetings attended by key directors to discuss potential business opportunities and the workforce requirements needed. In addition, the HR manager meets with the managing director and manufacturing manager to work through the people implications of these opportunities. There is an outward-looking approach based on how many people are needed to complete a project and the redeployment of numbers and skills accordingly.

*'Workforce planning is ensuring labour is correctly allocated to each project in order to achieve our customer's delivery schedule.'*

Company director

Future quantitative labour requirements are determined by the actual status of the order book (operational planning through weekly production meetings) and the identification of business potential (planning meetings with HR and the operational managers). Qualitative requirements are determined by an assessment of likely skills requirements or shortages on the basis of both actual and anticipated customer orders.

While the workforce planning process in Pearson Engineering Services is largely informal – an inevitable consequence of the variable status of the order book – there is an inclination to implement new processes.

*'We are moving away from reacting to the demand for labour to a more strategic approach; from ad hoc to structure.'*

HR manager

This will enable a more detailed approach to workforce requirements for up to one year ahead, a process that will complement current operational workforce planning.

### **The role of HR**

The workforce plans produced by the above processes are critical to people management and are increasingly being used to determine HR policy and practice.

*'We are looking for workforce planning to provide a strategic approach to HR which will allow us to offer a joined-up process.'*

HR manager

Amongst the areas where information from the workforce planning process has been used in Pearson Engineering Services are:

- in the preparation of a succession plan for key skilled workers and specialist engineering roles
- to determine the levels of recruitment or redeployment
- to provide input into the numbers of apprentices supported – Pearson has a four-year apprenticeship scheme that is used to ensure a supply of employees with skills relevant to the production process
- in the approach to employee engagement – based on the principles of transparency, consistency and fairness. The manufacturing manager has regular 'toolbox talks' with the project teams to communicate the direction and status of the business and critically to workforce requirements
- workforce planning has influenced the way in which existing and potential employees regard the company as an employer – the employment brand therefore benefits from an ability to provide visibility of employment prospects and this objective is sought where possible
- as an influence on reward strategy – using the demand and supply of labour anticipated in the workforce plan.

A challenge for HR is to ensure accuracy of workforce information relating to both quantity of employees and the quality as defined by skill levels. Manufacturing information systems – time and

attendance, project man-hours accounting – are currently used to gain a profile of current and future needs. However, there is a move towards a more formal workforce planning system using HR software to be installed in 2010.

### Summary

Workforce planning in Pearson Engineering Services is largely informal – through a process of dialogue between key members of the management team – and operational. Its objective is to ensure a supply of appropriately skilled and trained employees to meet a diverse range of contracts from single large-scale capital items to smaller production unit runs. This approach has been successful to date, largely through the regularity of dialogue and communication in the management team. The result has been a low level of labour turnover and the ability to deploy the workforce to best effect to achieve business results. The next stage for workforce planning in Pearson Engineering Services is to implement new and complementary processes to provide effective medium- to long-term planning information. HR technology will be used to achieve this.

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## SIEMENS (UK)

*What do we have? What do we want? How do we close the gap?*

### Introduction

Siemens is a leading global engineering and technology services company, providing innovative solutions to help tackle the world's major challenges across the key sectors of energy, industry and healthcare. It employs over 400,000 employees worldwide and had revenues of nearly €80 billion in 2009. In 2009 in the UK, the company employs 16,915 people, including about 6,000 in the manufacturing sector. Last year's UK revenues were £4.2 billion, with exports of over £1 billion, and over £60 million being spent on research and development. Siemens globally acquires between 30 and 90 businesses a year and a robust process for planning and integration has been developed.

The company has a matrix organisation with three business sectors – energy, healthcare and industry –

divisional structures in each sector and geographic clusters of territories. HR business partners work with sector and divisional business managers to develop people strategies for each area. HR services are secured from a global HR shared services operation. The intensified focus on business partnering has acted as a catalyst in the development of workforce planning:

*'We're moving into an era where data will be critical for decision-making in HR.'*

HR Director, North-West Europe

### Corporate portfolio/capability management

At the highest level, the corporate people strategy gives the context for workforce planning; the key objective of which is to ensure that Siemens has the right level of capability to execute business strategy.

At corporate level Siemens operates on the basis of 'portfolio management' of a set of businesses: 'We are driven by working out which businesses we can be good parents to.' This informs decisions about which businesses to acquire (for example in new, growth areas such as wind power technology) and which to dispose of when they no longer add value to their strategy.

This high-level planning takes place in the sector headquarters and is aligned to the sector technology roadmaps which highlight the capabilities required to exploit future target markets. The time horizon is 5–20 years.

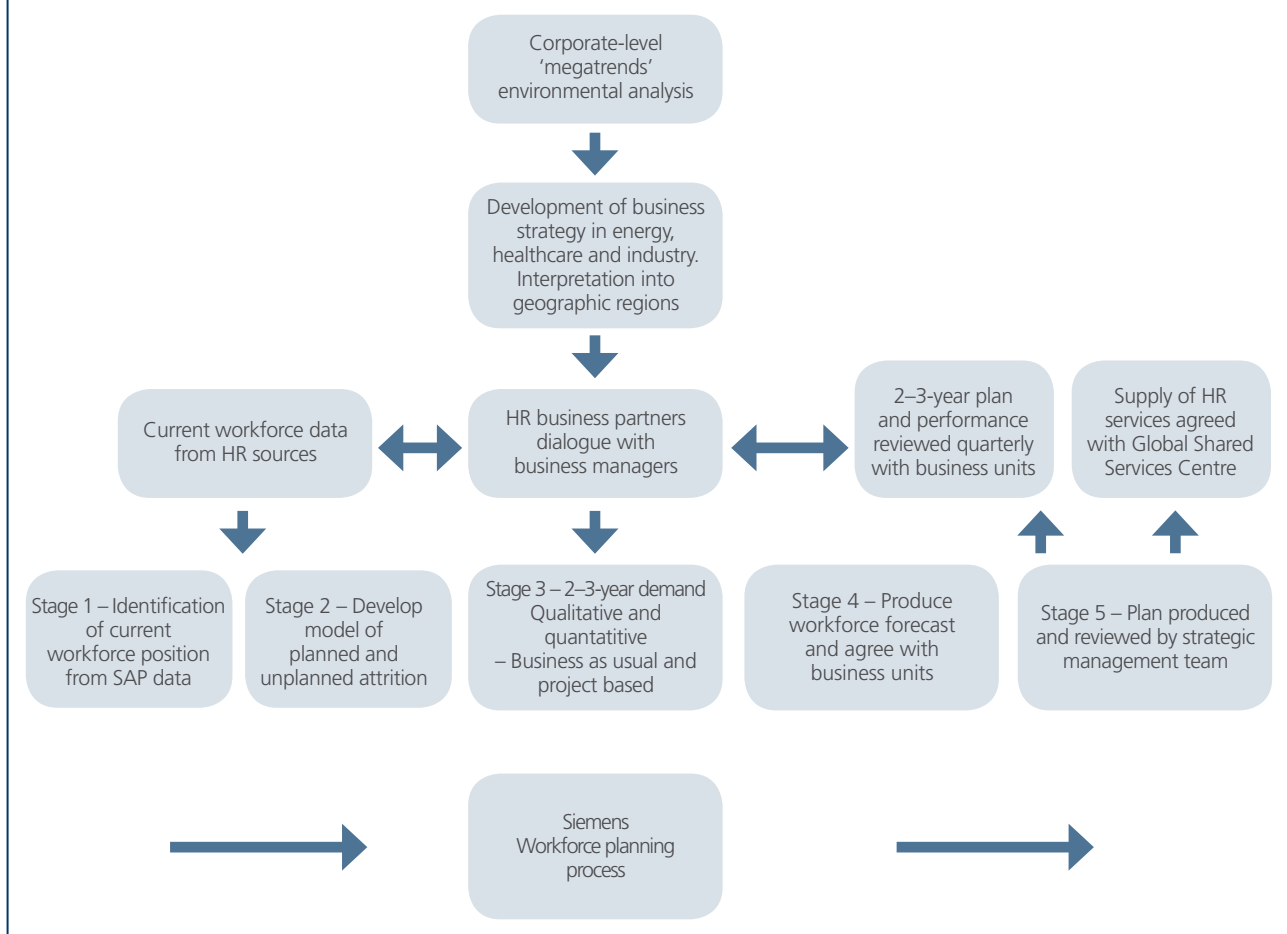
*'When you acquire a business it's the same as when you hire an individual – you need to see where are the clever bits, is there a good cultural fit, how can we use the clever bits and stop them haemorrhaging from the firm.'*

HR Director, North-West Europe

### Process

The architecture of workforce planning mirrors that of business planning, representing an organisational dialogue between business managers, HR business partners and HR specialists. On the one hand it is a strategic resourcing process with a two- to three-year timeline; on the other it ensures short- to medium-term capability since the workforce plan is operationalised through a seven-quarter rolling review. A centre of competence for resource

Figure 9: Siemens workforce planning process 2010



planning defines the processes/standards required. Figure 9 shows the process of workforce planning with some of the most important elements.

A business environmental analysis highlights the strategic direction of the markets that are attractive to Siemens and also a range of people-related data is derived including demographics, cultural trends and skills availability. As the company develops its strategies to take advantage of market opportunities, people implications are identified either on a business unit or geographic basis. This often arises from a dialogue between business partners and business managers, which is used as the business basis of the people strategy from which a workforce plan is derived. A structured, Siemens-wide process is being introduced to maximise the effectiveness of business and HR input into the development of meaningful resourcing plans.

The process starts with a review of current workforce numbers in each job family derived from SAP data

and onto this is overlaid the likely attrition – both planned and unplanned. The output of these two stages is a numerical ‘base case’ of workforce and the question ‘what is the current status of our people resource?’ is answered. A further critical component is the identification of future requirements, which is based on the dialogue between business partners and business unit managers. Workshops to identify key skills requirements going forward are an important part of this dialogue. As a result, the matching of skills in each job family to business initiatives provides a springboard for the workforce forecast. Further refinement using qualitative (competence) and quantitative data leads to the development of a workforce plan. However, there is a recognition that the plan has to be dynamic since:

*‘if it is too set in concrete it can be dangerous. We have a process of regular business reviews.’*

Head of Resourcing

The workforce plan is used to identify not only people resources to deliver business objectives, but the HR resources to support this. It is a joined-up approach, which informs much of HR's activity:

- the basis of HR business partner reviews with business managers on a 7 quarter rolling basis
- the workforce plan is used to inform the leadership framework – both quality and quantity
- development planning with regard to succession and the development of individuals – this fits into the quarterly business reviews and business plans
- the commercial aspects of resource planning feed into the shared services centre for recruitment.

In essence, the process of workforce planning in Siemens is one in which the business strategy converges with the people strategy developed by HR professionals. The workforce plan is used as the basis of the 5'Bs' of HR decision-making 'buy, build, borrow, bind or bump'.

*'... we don't always look to buy people – we "recruit people every day" by getting them to bind with the organisation. You need to identify who you need to bind with critically.'*

HR Director, North-West Europe

### The role of HR

A joined-up approach within the HR community is critical to success for workforce planning in Siemens and effective processes are in place at every level. A fairly new model – 'One HR' – has been established to ensure the maximisation of HR skills across the business. This is not only to optimise HR resources but also to deliver a more strategic agenda through enhancing the role of business partners who provide the interface with the business units.

*'Our challenge is to identify the demand for skills through dynamic resource planning and match these with shared service deliverables.'*

Divisional HR Business Partner

Today, the central focus of the HR business partner is to engage their management team on the 'workforce' planning implications of their business strategy. The HR specialists in Resourcing & Development establish

the process for workforce planning, the consistent application of tools and systems across business units and performance/progress reports over the period of the plan.

The other critical component is the HR IT backbone and supporting disciplines to deliver data and trends in the human capital of the company that can support the strategic dialogue with senior management teams.

*'I think the quarterly business reviews are essential. Putting together that dialogue with managers with numbers. Too often we have strategic discussions where HR is just getting qualitative input and we need to arrive with our information forecasts and projects, which completely changes the discussion. I think that's an important change we are instigating.'*

HR Director, North-West Europe

HR business partners have started facilitating an annual half-day workshop with senior managers from their division. They examine the type of competence that will be required in the next year and make an assessment of their availability in the marketplace and Siemens' competitiveness as an employer. This helps to focus and prioritise workforce planning.

In summary, workforce planning in Siemens is an evolving process seeking to match numerical and capability demand identified through the business planning process with the supply of a skilled workforce able for the next two to three years and beyond.

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## UNIVERSITY HOSPITALS OF MORECAMBE BAY NHS TRUST (UK)

### Introduction

The trust has three main hospital sites (Furness General Hospital, Royal Lancaster Infirmary and Westmorland General Hospital), employing over 6,000 staff with around 1,200 beds. Two of the hospital sites have the full range of general hospital services (full A&E departments, critical/coronary care units, consultant-led beds, outpatient facilities and so on). In addition there are a number of local outreach services and diagnostics. The trust has a geographical area of 1,000 square miles and services a population of

350,000, with around 17 million visitors each year. The geographical spread of the trust has created a number of problems and has resulted in the duplication and triplication of services.

The focus of the trust's current business plan is on achieving a foundation status (see footnote below). The trust board has overall responsibility for the operational and strategic direction of the trust. Accountability is to NHS North West Strategic Health Authority and the Secretary of State. The Care Quality Commission's annual review for 2008/2009 rated the trust as having 'good' use of resources and having a 'fair' quality of service. On a work front, the trust was featured in the Healthcare 100's top places to work (2009), stating 'staff speak of good colleagues, the pleasant environment and a sense of making a difference'. Healthcare 100 is a list of the top healthcare employers based on a poll of employees of NHS and independent healthcare providers in acute, primary care, mental health and ambulance sectors.

## Objectives

The trust's strategic objective reflects national, regional and local PCT agenda, including specific local priorities and frameworks for operational planning. The overall aim is for all three hospital sites to work as a network providing good local and site access to healthcare. From an HR perspective, the trust is focused on developing and delivering a workforce that is able to support improvements in patient services. This also means staying up to date with local and national priority changes in patient services and ongoing restructuring of services. The challenge is therefore in matching changes to services with the trust's workforce plan. The constant changes in service delivery require frequent changes to services.

*'You align all the cogs, but then someone else changes them and everything drops out of alignment again.'*

Deputy director of HR and OD

For example, changes to services can result in deployment, while redesigning of outpatient services and extending clinic hours can impact on family-friendly policies.

## Process

Workforce planning at the trust has a number of constraints that are not experienced by private sector organisations.

*'Private sector organisations base workforce planning on the business and on cost. The process is different in the NHS. You don't have as much autonomy. You have to provide a certain amount of services and you need to manage the political arena.'*

Business partner

Professional guidelines, accountability and clinical risk create additional problems. To overcome these, workforce planning needs to have real support throughout the organisation. The trust's workforce plan is patient-centred and involves an assessment of service needs against supply.

*'You need to ask what is right for us and what is right for the patient.'*

Business partner

Workforce planning at the trust is impacted by commissioners, the Strategic Health Authority, availability of skills and the population's health. In addition, national government targets can have significant local workforce planning implications. The Strategic Health Authority encourages a five- to six-year workforce plan, which is often translated locally into a shorter one- to two-year plan. In response to constant changes, the trust has two approaches to workforce planning. The first looks at the long-term workforce strategic direction of the organisation (for example, the number of nurses that may be required in three to five years' time) and a workforce plan that is responsive to commissioning or service changes.

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*NHS foundation trusts (often referred to as foundation hospitals) are a result of the decentralisation of public services and the creation of a patient-led NHS. They have been created to devolve decision-making from central government control to local organisations and communities, so they are more responsive to the needs and wishes of their local people. The introduction of NHS foundation trusts represents a profound change in the history of the NHS and the way in which hospital services are managed and provided.*

The former plan is reviewed on a monthly basis by the hospital management team and focuses on the strategic direction of the organisation, outlining future vision. The plan is then fed into the divisions where the specific detail around workforce planning is developed.

The other plan involves business partners working closely with divisional managers to develop business cases in response to commissioning or service changes. Collaborative working groups are established in each division (including management, staff side and staff representatives) to examine business cases for service changes and may involve lengthy consultation processes. Within each division there is a specific finance manager who works closely with the business partner on the development of business plans. Business plans look at the needs and requirements of the service changes and involves information on turnover rates, absence, recruitment, gap monitoring, any gaps in rotas, and so on. With variation in project size and need, there are huge variations in workforce planning requiring constant flexibility. Projects are very diverse and can range from setting up a clinic to redesigning or re-engineering a service across both primary and secondary health sectors. For example, the trust is the first acute trust in England to go live with Lorenzo Regional Care 1.9, which is designed to facilitate the free flow of information among the entire healthcare community including GPs, hospitals and patients. The set-up and implementation of Lorenzo has significant impact on workforce supply and potentially workforce demand.

### **The role of HR**

A key element to the trust's workforce plan focuses on workforce supply. Generating accurate numbers of perceived future workforce is crucial, as there is often a considerable time delay in training staff.

*'Talent management needs to fall into workforce planning.'*

HR director

To respond to budgetary pressures and skills need, the trust has been developing generic roles in a number of its services (for example estates and facilities, clinical support workers and so on).

*'The focus is on multi-skilled craftsmen rather than specific professions.'*

Deputy director of HR and OD

The trust has an ageing workforce and is focused on developing a workforce plan in collaboration with other HR practices and policies to help improve recruitment of junior staff.

The trust also has a strategically driven corporate responsibility towards the local community, both in terms of their health and levels of employment. Currently the trust is supporting local employment and development opportunities under a range of activities, including Jobcentre Plus local employment partnerships (LEP), Backing Young People, Lancaster – a fair age city, and Mindful Employer programmes. In addition, the trust is offering a health and social care cadet programme, apprentices, health for work programmes, work trials, work placements, taster sessions, trainee assistant practitioners, advanced practitioners, widening access, and careers and information events. These programmes are aimed at supporting service modernisation, delivery and corporate responsibility.

### **Outputs and measurements**

The trust's workforce plans are constantly being reviewed and assessed, and they are currently in the process of reviewing an evaluation process of its workforce planning.

# APPENDIX 2

## Literature review

### Introduction

In the early 1980s workforce planning was classified as an inflexible process that had failed to predict the downturn in economic growth. Since then it has largely been ignored. However, the recent fluctuations in the economy have resulted in greater interest in this issue. Its importance was highlighted by the House of Commons Health Committee in a recent review of the UK's Health Service. In their published report, they claim that:

*Workforce planning is the key means for the health service to understand and anticipate the impact of demographic, technological and policy trends on future service requirements. It is also an important way of improving the efficiency of the health service. In short, changing and improving the NHS depends on effective workforce planning.*

House of Commons Health Committee 2007, p3

Dr John Sullivan, a leading US HR consultant, argues that it is now more important than ever to consider implementing a workforce planning process. By doing so, he believes that organisations can increase their capabilities, decrease costs, survive the economic chaos, and 'explode out of the box' at the first sight of economic improvement (Sullivan 2009).

Workforce planning has been described as the 'single most important HR activity' (Tiplady 2009). This opinion is supported by findings from the Society of Human Resource Management's (SHRM) 2007 online survey. The survey asked HR professionals to rate the most critical HR functions. The majority of respondents (52%) stated that staffing, employment and recruitment are the most critical HR functions (Gurcheck 2008).

In a 2004 survey of IPMA-HR members (International Public Management Association for Human Resources), only 37% indicated that they have

a workforce planning process. A poll conducted by the Society of Human Resource Management (SHRM) in December 2003 found that the majority of respondents (60.5%) stated that their organisation was not involved in succession planning or other forms of workforce planning.

In 2009, INFOHRM conducted a global workforce planning survey (see [www.infohrm.com/research](http://www.infohrm.com/research)). The majority of respondents (60%) said they did have a workforce plan in place. Of those that said they did not, 34% were considering one but had no specific timeline, 29% said they would implement one in the near future (one to two years), and 25% said they were implementing one this year. Only 13% said they did not intend to implement workforce planning. Although the survey responses cannot be used for like-for-like comparison, it is suggestive that there has been an increase in the use of workforce planning.

### What is it?

The concept of workforce planning has been around for many years. Despite this there is no agreed understanding of what workforce planning actually is, or what it comprises. Academic research provides little light due to its scarcity (Employers' Organisation 2003). The Institute of Employment Studies was commissioned by the Employers' Organisation (EO) for Local Government in 2003 to conduct a literature review on workforce planning. The IES review found that the term workforce planning is interchangeable with 'human resource planning', 'succession planning', 'building bench strength', and 'manpower planning' (p5).

The concept of workforce planning should be a simple one of matching supply and demand. However, there are so many different variables that it becomes a complex equation, acknowledged by the House of Commons Health Committee (2007, p5):

*Workforce planning should be simple: decide what workforce is needed in the future and recruit and train. In reality, the task is difficult and complex.*

Although there is a lack of agreement over defining workforce planning, there are an abundance of proposed definitions. Reviewing these definitions allows us to gain a better understanding of what workforce planning entails. Recent definitions of workforce planning have argued that:

*Workforce planning is the process of ensuring that a business has the right number of employees; with the right knowledge, skills and behaviours in the right place, at the right time.*

Murphy 2003, p42

*Essentially, it is about analysing your current workforce planning and then extending that analysis to identify the future skills and competencies to deliver new and improved services.*

Employers' Organisation Guide to Workforce Planning 2003, p3

*Workforce planning is an integrated and forward looking process that is designed to predict (what, when, how much) will likely happen in talent management and then to provide action plans that will cause managers to act in a prescribed way. As a result of the planning process, managers will be able to avoid or mitigate people problems, take advantage of talent opportunities and to improve the 'talent pipeline', so that your organisation will have the needed 'people capabilities' required to meet your business goals and to build a competitive advantage over other firms.*

Sullivan 2009

These different definitions display a number of commonalities. Firstly, the term process is frequently used, emphasising that workforce planning is ongoing, flexible and fluid rather than a mechanistic or a static process. Secondly, there is an emphasis on people. Workforce planning emphasises the importance of skills and development, career progression and talent management. Finally, it is mutually agreed that workforce planning is a strategic process that should be fully integrated

within the organisation. It requires buy-in from senior management and should be developed in conjunction with finance and other key stakeholders.

**What constitutes workforce planning?**

As there is no standard format or formula or identifiable skill set, workforce planning is a process that many find difficult. Workforce planning should be tailored to each specific organisation taking into consideration its internal and external characteristics, which means there is no blueprint for implementation.

*A new improved formula would help. The problem is that such a formula, in the singular, is difficult to create, given the complexity and diversity of our working environment.*

Turner 2002, p32

The literature identifies a number of workforce planning components or processes, or deals with just one specific element (for example training). Generally, workforce planning falls into two areas (Sullivan 2009): increasing capability through talent (for example forecasting, succession planning, leadership development, forecasting recruitment plans, workforce innovation management, retention planning, backfill planning, internal redeployment, merger and acquisition integration plans and so on), and decreasing labour costs (for example contingency/contract labour workforce planning, workforce outsourcing plans and so on). As a result, workforce planning can take on a number of components, the most common are:

Table 1: Components of workforce planning

|                                    |                                      |
|------------------------------------|--------------------------------------|
| Succession planning                | Recruitment                          |
| Retention                          | Redeployment                         |
| Contingency workforce              | Potential retirement                 |
| Performance management             | Career path                          |
| Backfills                          | Job rotations and intra-placement    |
| Environment forecasts              | Identifying job and competency needs |
| Metrics (planning and forecasting) |                                      |

Source: Sullivan 2004, p234

The above components can be divided into four elements:

- 1 rating the growth of the business
- 2 assessing organisational needs
- 3 forecasting future vacancies
- 4 estimating availability of supply and talent (Sullivan 2004, p237).

Rating the growth of the business ensures that there is neither underhiring nor surplus hiring, as both can result in substantial costs. Sullivan argues that this is achieved through collaborating with other departments over the projected number of output units and revenue. These projects can then be used to estimate the number and type of employees required to meet these targets. Once business growth has been rated, it is important to assess the needs of the organisation in meeting the estimated growth. This includes assessing the training and development needs of current staff and projections of increased costs of employee competencies and skills requirements. Forecasting future vacancies requires consideration of natural turnover rates within the organisation and prediction of potential numbers that may need recruiting. Finally, estimates concerning the availability and supply of talent are needed. A realistic understanding of external availability will help, providing a better understanding of the need to develop skills internally.

### Forecasting

A major element of workforce planning is forecasting the future needs and availability and providing decision-makers with the time to develop a plan of action. As Sullivan points out, we conduct forecasting on a daily basis from complex issues to something as simple as forecasting whether we might need to take an umbrella to work. One of the failures of workforce planning in the past was down to forecasted targets being too narrow and therefore being missed. Learning from this mistake, it's important to provide a target range. This means providing the estimated target with a buffer. To do this, a forecasted target should show the predicted number, along with a higher number (showing a target of best-case scenario) and a lower number (showing a target of worse-case scenario) (Sullivan 2004). Providing a range

minimises the costs of being wrong and allows for changes to be made according to internal and external variables. Cappelli (2008) also points out that when forecasting numbers, it is more costly to over-reach targets than it is to under-reach targets. For example, if you end up with a surplus of talent it can be very costly to the organisation, while additional talent can be purchased from the market for minimal cost if needed.

### The process

The use of workforce planning has received a big push in the public sector and has resulted in the development of government and health organisations providing guidance on developing workforce planning models. Two of these are reviewed below.

The Employers' Organisation for Local Government argues that workforce planning needs to be holistic and built around customer and service needs. They state that successful implementation involves engagement with the entire workforce and investment with key managers. With this in mind, the guide sets out key tasks that are required in implementing a workforce planning process (see Table 2).

Table 2: Key tasks for implementing workforce planning

#### Key tasks for implementing workforce planning

Apply a project management approach and identify a manager to run the project.

Set up a steering group.

Have a work plan.

Find high-level champion(s) to 'own' the process.

Identify organisational capability gaps and work out how to fill them.

Set timescales to fit with other business planning cycles.

Set workforce planning priorities.

Get appropriate data.

Monitor.

*Source: Employers' Organisation for Local Government*

The Employers' Organisation for Local Government emphasises the need to gather appropriate and reliable data. They state that the bare minimum data for organisations to gather includes information on: job title, job description, location and length of service, personal employee details, figures on vacancies, turnover and wastage, reasons for leaving and destination, qualifications and skills.

The Skills for Health – Workforce Projects Team (WPT) has developed a website that focuses solely on workforce planning, providing resources and programmes to give staff a range of knowledge and skills concerning the implementation of workforce planning (see [www.healthcareworkforce.nhs.uk](http://www.healthcareworkforce.nhs.uk)). The WPT argues that workforce planning can take on a variety of forms, from weekly/monthly staff rotas to ten-year corporate plans. However, it suggests that organisational workforce plans are developed for a minimum of three years and corporate plans are for a minimum of ten years. Although it prescribes long-term plans, the WPT argues that plans need to be reviewed annually and need to be flexible, taking into consideration service redesign implementation and staff skills and competencies. The website lays out a six-step methodology to an integrated workforce plan and focuses on achieving the Government's 18-week patient pathway:

Table 3: Six-step methodology

|                                               |
|-----------------------------------------------|
| 1. defining the plan                          |
| 2. mapping the service change                 |
| 3. defining the required workforce            |
| 4. understanding workforce availability       |
| 5. planning to deliver the required workforce |
| 6. implement, monitoring and refresh          |

Source: [www.healthcareworkforce.nhs.uk](http://www.healthcareworkforce.nhs.uk)

In addition, a one-year postgraduate certificate in strategic workforce planning has been set up and commissioned by the NHS National Workforce Projects. The course is designed to provide practical workforce planning skills, knowledge on policy, and develop a

network of workforce planning contacts. The course focuses on linking workforce planning with service and financial planning, developing good leadership and embedding core skills.

**Why do workforce planning?**

Sullivan argues that workforce planning will improve HR's image by enabling them to be more strategic and less reactive (2004, p233):

*A well thought-out future-focused strategy encourages both HR and managers to plan ahead and to consider all eventualities.*

In the current climate, being more prepared not only ensures that organisations are more prepared for future downturns, but it also creates opportunities to come out of downturns with gusto (Sullivan 2009).

According to the Improvement and Development Agency (IDeA), workforce planning enables organisations to find 'practical solutions to identify, attract and retain the right people to deliver the organisation's vision'. Government initiatives set up to build on workforce planning capacity and capability have argued that workforce planning underpins and supports service delivery improvements. It ensures services are managed and delivered more effectively. Targets and objectives are met as staff crises and shortfalls are prevented and staff can then be best used to maximise resources (Skills for Health – Workforce Planning Projects Team).

*By preparing a workforce plan, an organisation will be equipped to manage these people for the immediate service needs and effectively meet future changing priorities.*

Skills for Health – Workforce Planning Projects Team 2009, p4

Workforce planning provides an opportunity for thinking long term and considering future service pressures and needs (Employers' Organisation for Local Government 2003).

Reilly puts the benefits of workforce planning into two categories: substantive reasons and process benefits (see Table 4 on page 43).

Table 4: Reasons for workforce planning

**Substantive reasons include:**

determine staff numbers and skills required at new location  
 deal with problems retaining highly skilled staff  
 manage effective downsizing programmes  
 look to see where the next generation of managers will come from

**Process benefits include:**

thinking about the future  
 corporate control (forces operating units to plan resources in structured way, defined corporately and report progress)  
 integrating actions

Source: Reilly 1996

**Summary**

Although there is not a great deal of recent literature on workforce planning, that which is available confirms it is a central element of HR. It also provides evidence that interest in workforce planning is increasing and that it can help develop the business awareness and strategic insight that characterises positive people management. A single definition is lacking but the literature commonly describes workforce planning as an ongoing dynamic process developing better understanding to assist in decision-making. It also provides compelling arguments in favour of workforce planning as a tool to identify, understand and cope with future demands put upon the business.

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# APPENDIX 3

## Website poll findings

This poll was live on the CIPD website from December 2009 to February 2010.

A total of 135 individuals answered the questions, of whom 61% are working in the private sector, 24% in public sector government, 10% in public sector health and 5% in the voluntary sector.

Forty-one per cent of our respondents work in organisations employing fewer than 500 people, 29% in organisations employing between 500 and 5,000 people, 7% in organisations employing between 5,000 and 10,000, and 23% in organisations with more than 10,000.

Eighty per cent of the respondents think that their organisation is carrying out workforce planning, 13% consider that they do not do any workforce planning and 7% are unsure if they do or don't.

Only 19% of our respondents said their organisations are making use of specific software or IT solutions to conduct workforce planning.

Below are the responses to the specific questions posed.

### How important is workforce planning?

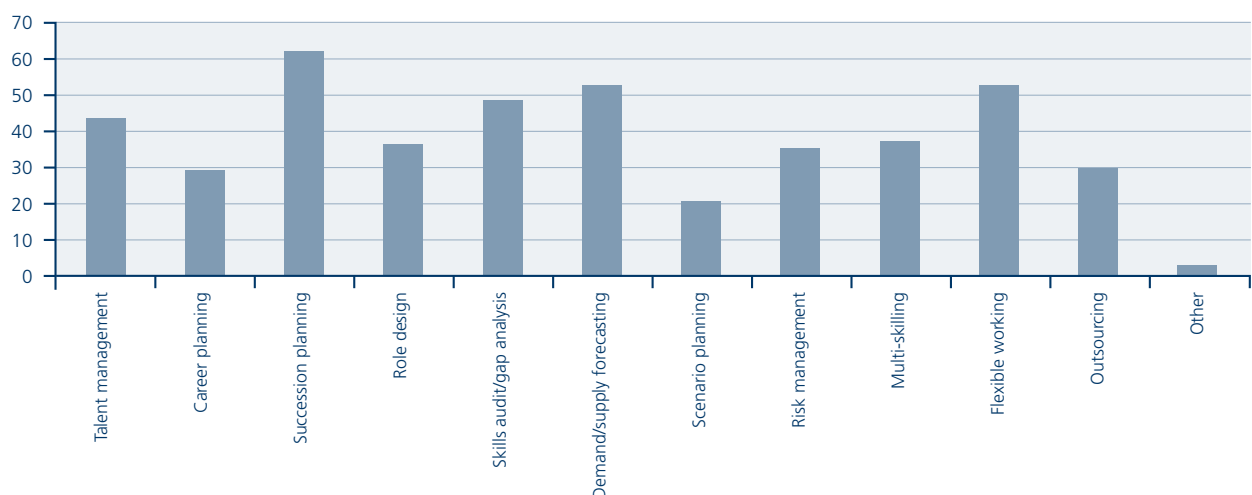
Twenty-four per cent of our respondents think their senior management view workforce planning as very important for their organisation and 55% said they think it is important. However, 21% think senior management consider workforce planning to be unimportant or that they do not have a view either way.

### What does your organisation do under the heading of workforce planning?

The most popular activity taking place under the umbrella heading of workforce planning is succession planning, mentioned by 62% of respondents. This is followed by flexible working and demand supply forecasting – both mentioned by 53% of respondents – and skills audit/gap analysis, mentioned by 49%. The full breakdown is given in Figure 10.

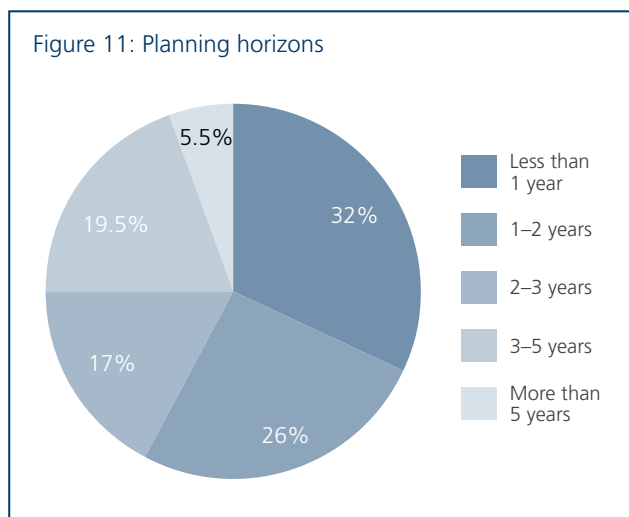
In the 'other' box, respondents mentioned performance management, resource planning, turnover and the employment of casual staff on variable hours.

Figure 10: Activities relating to workforce planning



### How far ahead does your workforce planning look?

Only 6% of respondents said that their plans look more than five years ahead. Most (32%) said their plans extend less than a year. See Figure 11 for the full breakdown.



The top answers were senior management and HR, cited by 41% and 42% of respondents respectively. Small minorities of respondents attribute main responsibility to a broad range of groups, including the chief executive, the finance department, employee representatives, sales staff and operational staff.

### Who gets involved in the process of workforce planning?

Again senior management and HR took the top spots, mentioned by 88% and 84% of respondents respectively. However, it also appears that a broad range of individuals are getting involved in the process, with 46% saying finance staff are involved, 30% involving the chief executive and 23% involving either staff representatives or union officials. Line managers also got a mention alongside business managers and operations staff.

### What does workforce planning mean to you?

Finally our respondents were asked an open question about what workforce planning means to them. The answers are fairly wide-ranging but fall into a number of broad themes:

- **developing a better understanding of resourcing requirements** – including the need for talent planning and succession planning, getting the right numbers in the right place at the right time, forecasting future requirements and ensuring that optimum staffing levels are maintained (18 comments)
- **anticipating the future** – assessing the environment to predict future skills requirements and redesigning roles to fit with future demand and innovations (47 comments)
- **informed decision-making** – providing good-quality information to line managers and others to inform resourcing decisions, including talent planning and development (3 comments)
- **develop the workforce** – for example, to create new capabilities to cope with and anticipate changes in the work environment, getting the right mix of skills and ensuring development of core capabilities to meet organisational objectives now and in the future (5 comments)
- **better understanding of the workforce** – composition and talent and skill mix, accurate information about future levels of retirement, and so on (28 comments).

### Summary

The poll appears to confirm a renewed interest in workforce planning. It also reveals a wide range of activities are taking place under the workforce planning banner. It demonstrates that current workforce planning differs significantly from the past in that it is a more dynamic and ongoing process constantly under review. Workforce planning is not aiming to provide a fixed view of the future but rather to generate better-quality information to inform organisational requirements to meet their commitments to stakeholders in the short, medium and long term. It also demonstrates that this relates to a much wider area of interest than previous workforce plans, linking into other HR strategies as well as operational plans.



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