

# How to get started with strategic workforce planning

Robert, an HR leader at LMN Enterprises, is exhausted. His team scrambled to help employees get up and running remotely during the COVID-19 pandemic in addition to providing information about physical and mental health benefits. Now that workers are returning to the office, the human resources department faces a stream of employee concerns about safety — not to mention a variety of complaints from managers about workers forgetting how to act and dress appropriately.

Then, there is the matter of The Great Resignation. Virtually every department at LMN has job openings, and filling them is proving a major challenge. In addition to the current labor shortage, Robert can't help but worry that things will only continue to get worse in the years ahead. Numerous LMN employees are approaching retirement age. And, if the company does actually go through with the launch of a new product line in 2024, will sufficient human capital exist to get it off the ground?

Robert's concern is justified. Businesses struggling to handle the here and now often put off thinking about their future workforce. Eventually, though, the issue jumps front and center — usually when staffing reaches a problematic stage. At that point, it can be too late to quickly and sustainably address the problem.

## The need for strategic workforce planning

In preparation for future needs, smart businesses engage in strategic workforce planning (SWP). This activity involves taking a serious look at the organization's current workforce and forecasting what changes will be necessary in order to fulfill upcoming business objectives. Based on this analysis, the company can develop an action plan to secure the right talent for accomplishing business goals.

Such an endeavor sounds like the realm of human resources, as they typically handle matters related to workforce needs. However, strategic plans need to involve a number of people besides HR professionals, starting with C-suite business leaders with insight into the company's long-term goals. Input from finance department representatives, tech experts, line managers, and others involved in cost analysis, productivity metrics, and skill set evaluation proves highly beneficial to effective workforce planning.

Large organizations may hire individuals specifically trained in people analytics to coordinate the various aspects of strategic workforce planning. Another common option is seeking outside help to formulate a workforce planning strategy. Companies doing this view hiring consultants as a good investment because these specialists know what information to collect, how to analyze the data, and how results impact a talent strategy. Their expertise can make the workforce planning process an easier experience.

However, regardless of your organization's size and resources, workforce planning is a must.

## Considerations when developing a strategic workforce plan

A strategic workforce plan involves gathering information about where human capital stands at the present time

and where it needs to be in the future. Analyzing the gap between the two allows time for filling it in an orderly, cost-effective manner that keeps productivity and growth on track.

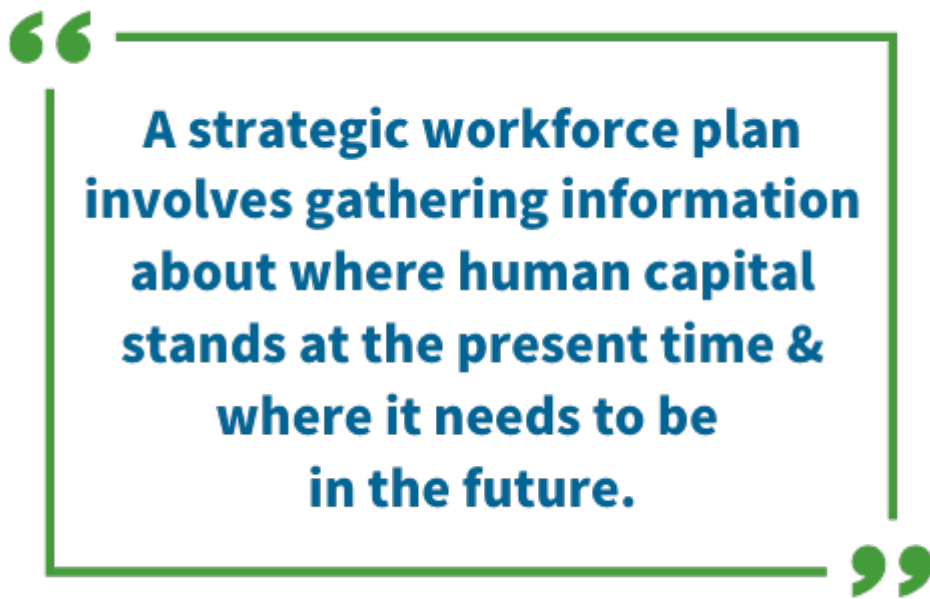
### **Areas to explore include:**

#### **Business objectives**

Understanding future staffing needs first involves figuring out where the company hopes to be at various time periods down the line. Like LMN Enterprises in the opening, there might be expansion on the horizon that will require additional staff. Or, offering new products or services could require adding specialized talent.

In the other direction, perhaps phasing out an unprofitable part of the company looks likely within the next two years. Examining that scenario at the present time helps you figure out what to do with those workers. Some might be reassigned or be good candidates for retraining, whereas poorer performers may be on track for termination.

#### **Current workforce**



What does your staff look like right now? Get a vivid picture in terms of both quantity and quality. Doing so will aid in figuring out if you possess the headcount and talent to meet future needs.

Can you identify any superstars or eager learners on your payroll? If so, think about their career path. Might investing in their development create an internal talent pipeline to fill up-and-coming roles? Could working with them to envision future advancement with the company aid in retention?

Pay particular attention to demographics. An aging workforce spells potential problems in numerous industries. With roughly 10,000 Baby Boomers turning age 65 each day, mass retirement becomes a concern. Do you have a succession plan to fill the often-critical positions they will leave behind?

Finally, consider the flexibility of your employees. If, for instance, your company is looking to do a major revision in operating procedures within the next year, do you have workers amenable to new ways of doing things or are many likely to get frustrated and jump ship? While such things cannot be predicted with total accuracy, a sense of your workers' mindset can prove helpful.

## Skill sets and skill gaps

Of particular importance when examining current employees is what abilities they bring to the table. They may possess a range of competencies, but if these talents do not match what the company will need to accomplish its long-term objectives, action needs to be taken.

How do you know if a skill gap exists? Take a look at business objectives. What actions will people need to take to accomplish these goals? Say the company has decided to revamp its social media presence next year. Are there employees in the marketing or public relations department with sufficient expertise to carry out such an initiative? If not, might someone be a good candidate to learn effective techniques by the time the campaign is set to start? Or, might it be more efficient to recruit someone already skilled in the area?

## Talent management strategies

Since business needs vary, coming up with a strategic workforce plan is not a one-size-fits-all endeavor. Rather, creating this roadmap involves multiple approaches to having workers with the right skills in the right place at the right time. As aptly summed up by the [Society for Human Resource Management](#) (SHRM), “Workforce planning is about all movement – up, down, in, out, or across the organization.”

What options do companies have for building the workforce they need to meet business objectives? Possibilities abound but often include:

### Employee development

This effort focuses on empowering current workers. Through education and mentorship, the company can coach certain employees to take on higher roles or new responsibilities. This strategy also could involve retraining workers with outdated skills to perform new duties that align with the organization’s needs.

Employee development has several advantages. People are already in place, which can save time and money. The business is dealing with known commodities, and workers already understand the company culture. Plus, promoting from within or finding ways for current workers to remain employed raises morale and encourages loyalty.

### Attracting new hires

Sometimes the best talent management tool is talent acquisition. When the strategic plan shows a need for additional employees or individuals with specific expertise not found among the current staff, HR may direct attention to bringing in new people. Actions may involve participating in job fairs, targeting colleges with relevant programs, posting job ads, attending industry conferences, or seeking services from niche recruiters.

Going after people who already possess the skills the company needs could prove easier than training from within. However, finding and evaluating possible candidates takes time and money. And, in a competitive job market, luring appropriate applicants can be difficult.

### Outsourcing

Many talented individuals participate in the ever-expanding gig economy. Companies may seek the services of independent contractors to handle overflow work, solve a labor shortage until permanent staff members can be found, or provide expertise for a certain project. Using a temp agency offers a similar experience.

Also, sometimes it makes sense to involve an outside party to free up existing staff for other matters. Hiring a firm to handle payroll, for instance, might enable your own HR department to up its game on recruiting or creating better employee experiences.

Working with people who are not your employees has both pros and cons. Outsourcing provides flexibility in meeting labor needs based on conditions, which helps eliminate over-or-under-staffing. Likewise, hiring permanently involves paperwork, onboarding, providing benefits, and other measures requiring time and money. Third parties assume responsibility for those things themselves. Realize, though, that non-employees may not possess the same commitment to your organization as regular staff. You likely are just one of many clients who contribute to their income. They may do a good job but probably do not feel invested in your mission.

## **Revisiting the strategic workforce plan**

Finally, it is important to not think of strategic workforce planning as one and done. Rather, view the plan as an outline that must be reviewed and adjusted on a regular basis. Business priorities may change, as can the composition of your existing workforce. Similarly, external factors such as the labor market, the economy, industry trends, or even an unforeseen global pandemic can alter what your organization needs in terms of human capital and the most effective ways to acquire it.