

How to create a high performing organization through workforce planning

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In today's talent-based economy, the workforce itself is arguably the most important tangible asset of most organizations. Despite its importance, this asset is often not carefully planned, measured, or optimized. This means that many organizations are not sufficiently aware of the current or future workforce gaps that will limit the execution of business strategy. Yet at the same time, boards of directors, CEOs, and chief human resources officers will frequently declare that *workforce planning* and data-driven decision-making is a top priority for their organizations.

Workforce planning is a term used to describe the *planning* process undertaken to ensure that an organization has the right people with the right skills at the right time performing the right tasks. It is simply a methodical process that documents the directions in which an organization is heading and provides managers with a tool for making human resource decisions now and into the future.

Workforce planning has topped the wish list of HR executives for years, but it has consistently been one of the most difficult programs to launch within HR. There are numerous reasons, but the most common are:

1. Time frame. Many managers are focused on executing current-year results, but workforce planning has typically addressed a longer time frame and doesn't show immediate gains that can help meet this year's results.
2. Data integrity concerns when "getting out of the gate." Managers are reluctant to review future plans when they feel that they can't get a proper view of the current headcount.
3. Some managers have gut feelings and don't want to reference data without a compelling data story. There is no opportunity to shift this stance until managers experience the actual pain that could have been avoided through workforce planning.
4. Organizations have a hard time settling on the appropriate level of granularity of workforce planning, or their job taxonomy. It's generally understood that a workforce plan has to distinguish one type of job from the next, but is it sufficient to look at broad labor categories, narrower job families, individual jobs, or actual skillsets? So many organizations get into self-imposed delays in rolling out their planning program by trying to find the perfect level at which to plan. From a planning perspective, however, if organizations could start by planning out high-level job categories, this is a great start and may be enough.
5. Traditional forecasting methods are poor at predicting the actual individuals at risk for turnover and retirement, and, thus, are not sufficiently actionable.

Workforce planning allows organizations to address systematically issues that are driving workforce change. The overall benefits of workforce planning, then, are its ability to make managers and programmes more effective.

A talented and aligned workforce is crucial for bringing strategy to life and ensuring an organization delivers on its objectives. Great *workforce planning* should balance both workforce demand and supply. There are several techniques used to forecast both workforce demand and supply but the overall goal is to make sure you don't have workforce surpluses or shortages.

Workforce demand forecasting is the process of estimating the future quantity and quality of manpower requirements. In demand forecasting, one should consider product demand, economics, technology, financial resources, absenteeism, turnover, organizational growth, and philosophy.

Knowledge of the present situation on the manpower requirement is essential if a satisfactory forecast is to be made. After the knowledge of the present situation, future forecasts can be made from a long-term corporate plan which is translated into activity levels for each function and department.

For example, in a manufacturing company, the sales budget would be translated into a manufacturing plan, giving the numbers and types of products to be produced in each period. From this information, the number of man-hours, by skill and personality categories, required to set the target for production would start from the production plan setting out a programme for installing new machinery. In an insurance company, forecasts of new business would be translated into the number of proposals that would have to be processed by the underwriting department. In a mail-order company, forecasts would be made from the number of orders that are to be processed, assembled, and dispatched.

The factors that influence workforce demand include; External Environmental Challenges (challenges that arise from economic developments, political, legal, social, technical changes, and competition.), Organisational decisions (the organization's strategic plans, sales, and production forecasts, and new ventures.), and Workforce Factors (for example retirements, terminations, resignations, death and leave of absence, among other reasons).

Once an organization has forecast its future requirements for employees, it then goes on to determine how it can fulfill its requirements. Workforce supply forecasting involves determining if there are sufficient numbers and types of employees eligible for the positions in question. It scans the internal and external environment for the best-fit candidate for the positions in question.

Internal supply includes staffing tables, Markov analysis, skills inventories, management inventories, replacement charts, and succession planning. External supply includes demographic changes, education of the workforce, new graduates, labor mobility, government policies, and unemployment rate.

Gap analysis is the process of comparing your current workforce supply to your workforce demand and identifying gaps (deficits or surpluses). The process of identifying the differences between supply and demand establishes the roadmap for your organization's Workforce Action Plan. One should prioritize those gaps that are critical to the delivery of your organization's future goals. The focus should be on these gaps at least initially.

Solution analysis is the process of developing strategies for closing gaps in competencies and reducing surplus competencies. A variety of strategies are available in solution analysis including planned recruiting, training, retraining, and placing employees. Solution analysis must take into account employment trends that may work either in the favour of or counter to the direction of planned workforce change.

The two key elements in identifying competencies are workforce skills analysis and job analysis.

Workforce skills analysis is a process that describes the skills required to carry out a function. Conducting workforce skills analysis requires the leaders of an organization to anticipate how the nature of the organization's work will change, and then to identify future human resource requirements. (This process spans the supply analysis and demand analysis aspects of workforce planning.)

Job analysis collects information describing successful job performance. Job analysis focuses on tasks, responsibilities, knowledge, and skill requirements as well as other criteria that contribute to successful job performance. Information obtained from employees in this process is used to identify competencies.

Microsoft and Shell Oil (which used to operate in Zimbabwe) are some of the organizations that have a good reputation for *workforce planning*. For example, Shell in the 90s used *scenario planning* to generate several possible options for their future *workforce*. This benefited them in the next crisis that stroke the oil industry and most of their competitors suffered because they were not prepared.

After proper *workforce planning*, realistic budgets for recruitment, training or retraining, development, career counseling, and succession planning can easily be done. Other activities such as restructuring, reducing, or expanding your workforce can be done objectively.

Several organizations are now starting to realize the value of *workforce planning*. The billionaire Bill Gates once said, “***Bringing together the right information with the right people will dramatically improve a company’s ability to develop and act on strategic business opportunities***”. It is time for organizations to utilize the benefits of workforce planning.

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