

STRATEGIC WORKFORCE PLANNING

UNLOCKING FUTURE CAPABILITIES
TO DRIVE BUSINESS SUCCESS

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Gillian Pillans, Wendy Hirsh and Jill Foley

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COMMENTARIES



The impact of 2020 on how we think about, plan for, and anticipate the future of work has been dramatic. We have all had to rise to the challenges of the unprecedented health and economic crises, and recognise that the experiences and consequences have been unique for different individuals, industries, and geographies. As we at Mercer think about what has changed and what we have learned, the importance of planning is clear. Understanding [which skills will drive future success](#) – and having the ability to flex and adapt how we acquire and [retain these skills](#) – is key. As we learnt in 2020, resilience lies in the ability to know when and how to flex to unforeseen conditions – and this is forcing a refocussing of how we do workforce planning.

As companies begin to imagine a [new normal](#), it is clear that we need more than ‘return to work’ plans to stay ahead. Employers have been forced to dig in to new challenges, grapple with tremendous uncertainty, and navigate a swiftly changing global reality as they seek to manage the near-term needs and longer-term requirements. This manifests big questions: How do we adjust our workforce given the pandemic? How do we better prepare for future business needs? What skills will we need in our workforce to deliver our strategy? How many of these skills should be held by permanent workers? How do we keep pace with changes in skill demand/supply? Where are the gaps in our workforce supply and demand under different scenarios? Above all, how do we ensure our workers deliver business results while working safely and staying healthy?

These questions highlight uncertainty, but they also present tremendous opportunity. In the context of Strategic Workforce Planning (SWP), [we know there is not a one-size-fits-all answer](#). The future looks different across industries, sizes, geographies, and even functions within organisations. For those in manufacturing and back-office operations, ‘redundant’ or ‘inefficient’ may now be necessary risk mitigation to ensure business continuity. Customer-facing sectors such as retail, personal banking and hospitality will need to provide services while maintaining social-distancing measures, and those slow to embrace technology will be on the outskirts. New business and work models are emerging. Retail may deploy fewer employees, with each taking on more roles than before. [Intermediaries in healthcare](#) and education might be needed as the reach of ‘experts’ expands in remote-first working models. Successfully reinventing your business strategy requires an ambitious and nimble people strategy alongside thorough operational workforce plans to guide all people processes. Critical focus areas include recruitment in different local labour markets, location planning and remote teaming; attracting, managing and retaining different types of workers; and the upskilling or reskilling of existing employees.

The technology we have all embraced this year has brought on a data tsunami – we now have more capability for insights than ever before. Yet the tools available for truly strategic working planning, and those that [place a premium on skills](#), are continuing to develop. Throughout the spike in SWP activity, one thing is emerging loud and clear – this is as much an art as a science. Yes, there is great data available to help with supply and demand drivers. Yes, there are ways to model in the impact of automation and Artificial Intelligence (AI). Yes, there are tools that can not only plan the scenarios, but also monitor their execution. However, getting this right requires the integration of extensive qualitative insights with the quantitative. Even with great data and sound technology, Strategic Workforce Planning requires more than just the press of a button or a one-off effort by a small central team. Success today requires an evolution of an organisation’s SWP mindset. It requires a thoughtful and critical lens to contextualise the insights. Finally, to sustain the edge that great planning can give, it requires the continuous training of an organisation’s SWP muscle to develop the people strategy in harmony with how the business is evolving.

Change is nothing new – technology adapts, markets crash, unemployment surges and economies rebound. But the accelerating pace of change we’re seeing today: the disrupted globalisation landscape, and the impending reality of large scale climate disasters, has forced an even more urgent imperative on business and HR leaders. The time for HR and the business to come together to craft the business and people needs of the organisation in tandem is now. [As we continue to find](#), resilient organisations who manage, plan for, and can adapt to risk are the ones who will lead into the future. Establishing SWP processes as the way we drive our talent investments is a critical piece of this puzzle. Happy reading!

Kate Bravery, Mercer’s Global Advisory and Insight Leader

Matthew Stevenson, Partner and Leader of Mercer’s Workforce Strategy and Analytics Practice

Charlie Kershaw, Associate, Mercer’s Workforce Strategy and Analytics Practice

COMMENTARIES

ORACLE

The pandemic has positioned HR in a new light. HR often finds itself a 'receiver' of business and operational strategy, called upon to support and consult rather than develop and inform. However, the pandemic highlighted the importance of people within all organisations. During this period HR has examined, reported and analysed workforces' capability, location, contract, cost, schedules, leadership, aptitude, diversity, flexibility... the list goes on.

As a function we have placed renewed value in people capability and people data accuracy. Why? Because the market environment we now operate in is disrupted beyond comprehension and likely to remain so for the foreseeable future. In-year plans are being rewritten, business strategy planning horizons are shorter, and transformational change is happening in three weeks not three years.

This is when Strategic Workforce Planning capability pays dividends. The ability to test, and re-test the 'what if?' scenarios in just minutes via a Human Capital Cloud Management system, compared to what historically took weeks via an excel spreadsheet. Technology can do the heavy lifting on data mining and analysis to calculate the potential impact on resource and skills as well as cost.

It can also empower HR with insight on the 'so what' – looking through a people lens on issues of capability, location, cost, size and shape of the organisation. For example, when adjusting a budget forecast, understanding the skills gap of an ageing workforce, or increasing supply for a product line via online retail channel. This ensures HR remains an informer of organisational strategy at the board table, and creates a people strategy that is directly aligned to that of the business. HR is then able to translate the people strategy into an action plan to ensure it becomes a reality. Integrated into finance data and insight, HR can provide a one-truth, clear commercial forecast with the ongoing ability to adjust in-year plans to market demand and dynamics.

It is the ongoing application of HR business continuity and risk management capability, fine-tuned within the pandemic into strategic workforce management that will continue to shine the spotlight on HR. HR must continue to strengthen its capability to support, adjust and enable the business not only in reaction to a pandemic but in the disrupted future, having planned and created a workforce for it.

Kerry Nutley, Strategy Director – Human Capital Management, Oracle



This is another wonderful report from the team at the Corporate Research Forum on the 'why', the 'what' and, crucially, the 'how' of Strategic Workforce Planning. This vital discipline connects people and the organisation to deliver long-term business outcomes. It enables HR to step outside of the day-to-day and into the business planning process, casting a critical eye on the future of the company and determining the workforce initiatives that are required to realise that vision.

Whilst Strategic Workforce Planning is often considered a cerebral exercise focusing on outcomes on an infinite horizon; in today's challenging trading conditions, the timeframe for implementing plans has arguably shortened.

Coronavirus, technological advancement, and competition are constantly disrupting the way business is done and forcing HR teams to take strategic action. Strategic hypotheses need to be operationalised with increasing pace, which is blurring the lines between strategic and operational workforce planning on a strict timeframe basis. Certainly, what is needed is more connection and feedback loops between the two disciplines as businesses find themselves facing their futures more imminently than they had previously anticipated. This report is an excellent guide for HR teams to tackle the future head on and build this important muscle in workforce planning.

Jessica Modrall, Vice President Services, orgvue

ABOUT CRF

Founded in 1994, **Corporate Research Forum (CRF)** is a membership organisation whose purpose is to increase the effectiveness of the HR function, in order to drive sustained organisational performance, through developing the capability of HR professionals. Through more than twenty years of research and the expertise of our team, we have developed a deep understanding of the ways HR can contribute to business outcomes, what works, what doesn't, and in what circumstances. With a network of over 200 leading organisations, we continue to grow as the respected focal point and knowledge source for improving corporate and individual performance.

We support our members in enhancing their personal capabilities and building organisational effectiveness, guiding them through topics relevant to success, identifying actionable insights and practical recommendations, and facilitating networking opportunities. Our work helps organisations and the HR function make sense of the environment in which they operate, and develop capacity to deal with continuous uncertainty.

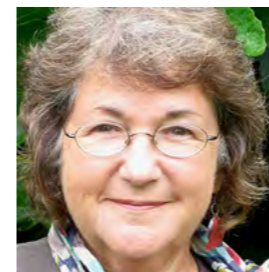
We explore topics through an evidence-based lens, highlighting practices that enable the function to deliver business value, and sometimes critiquing existing practices. Our approach is rooted in the principle that adults learn best through action, experimentation, discussion, reflection and interaction with others.

For more details on how your organisation can benefit from CRF membership please contact Richard Hargreaves, Commercial Director at richard@crforum.co.uk. Alternatively, please visit our website at www.crforum.co.uk.

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STRATEGIC WORKFORCE PLANNING UNLOCKING FUTURE CAPABILITIES TO DRIVE BUSINESS SUCCESS

EXECUTIVE SUMMARY

- ▶ The ability to rapidly develop, implement and adapt new business strategies in response to changing circumstances will continue to be critical to business survival and success. Strategic Workforce Planning (SWP) is an essential discipline to help organisations map out what is required in terms of people and organisation to deliver the business strategy and achieve organisational goals. It forms a bridge between business and people strategy, and plays an important role in mitigating the people and organisation risks to strategy execution. It enables organisations to choose where to invest in people, and identify actions required to acquire, retain, develop and deploy the workforce.
- ▶ SWP is a process that's designed to align a company's people and organisation with its business direction. It looks at what's required from the workforce perspective to build and sustain competitive advantage, and also unearths and tests assumptions, and highlights risks. It focuses on the strategic organisational capabilities a business will need to master to accomplish its goals, and the small number of big bets or bold moves required to deliver those capabilities. Understanding how the work of the organisation will change is the essential bridge between strategy and identifying future capabilities. Companies need to answer questions such as 'what new work is needed to be successful in the future?' and 'how will our current work change?'
- ▶ It's essential to take a 'future-back' view, identifying the ambitions for the business, the measurable milestones along the way, and the immediate steps that need to be taken to create the conditions for success. Taking a future-back approach helps organisations avoid the common trap of simply extrapolating forward from today, which can lead to being unprepared for major strategic shifts.

▶ We set out CRF's Strategic Workforce Planning model, which asks a series of questions to determine the future workforce needs arising from the business strategy:

- What capabilities are needed to deliver the strategy?
- What internal capability do we have?
- What does the external labour market look like?
- What's the gap?
- Where are the critical risks?
- How do we fill the gaps?
- How do we evaluate the effectiveness of the plan?

While the steps may be presented as linear, the process is usually highly iterative in practice.

▶ Actions arising from SWP can include buying in new skills or creating learning roadmaps or talent pipelines to develop them internally, developing transition pathways to reskill and redeploy people where demand is reducing, or improving retention and engagement. SWP should also consider the nature of the work itself. 'Can it be redesigned or automated to meet business needs more effectively?' 'Should this work be done by a person or by this organisation?' It's also important to look beyond the directly employed workforce to identify opportunities for outsourcing, engaging contingent workers, or making targeted acquisitions. Looking outside the organisation also means assessing the impact of broader demographic trends and the capacity of the education system to meet future needs. Our survey found that the actions most commonly taken by organisations are planned recruitment campaigns to address skills gaps, actions to increase workforce diversity, and reskilling initiatives.

▶ The 'strategic' element of SWP generally means looking significantly further ahead than the typical three to twelve month operational planning horizon. However, companies' experience of the pandemic has shown that a pared-back version of the SWP process we describe in this report can help companies work out strategic alternatives and make better short-term decisions. Adaptive approaches to planning such as 'what-if' analyses and contingency and scenario planning can also help organisations develop agility and prepare for uncertain futures.

▶ While organisations are increasingly recognising the value of SWP, they often struggle to make SWP work in practice. The main barriers identified in our survey were the process being too operational rather than strategic, a lack of capability in HR, and poor quality workforce data. Our research found SWP works best when it is run as part of an integrated business planning process, not a separate HR activity. Many organisations are finding success by not labelling it 'SWP' – the terminology can be off-putting for business stakeholders – and simply making it part of business planning. Essential to success is engaging key stakeholders in finance and business planning alongside business leaders to own the process and its outcomes from the outset.

▶ One reason companies have failed to implement SWP successfully is they have tried to cover too much – 'boiling the ocean' rather than focusing on a few business-critical elements or workforce segments. Some organisations take a project- or issue-based approach to SWP, thereby keeping activity focused on the most pressing business concerns.

▶ Employees are often overlooked as a key stakeholder in SWP – only 3% of respondents to our survey have a process for communicating the outcomes of SWP to their workforce. Employees need to know what future skills are valued by the business so they can plan their careers and development. This will become more important as organisations look to reskill and redeploy people who are displaced by technology.

▶ SWP plays a critical role in improving the quality of conversation about the business strategy – its feasibility, possible alternative strategies, and what's needed to make it work. It's key to a better and more aligned interpretation of strategy as it asks questions such as 'what does digital mean for this organisation?' It's an opportunity for HR to have a stronger voice in strategy discussions, and increase its influence. We are likely to see significant strategic repositioning of businesses as we emerge from the pandemic. This will drive demand for SWP and the need for HR to demonstrate expertise in this area.

1.0

INTRODUCTION – WHAT IS STRATEGIC WORKFORCE PLANNING AND WHY DOES IT MATTER?

“The question you’re looking to answer is: can the business deliver its plans from the perspective of people, capability, culture, leadership, structure and governance?”

MARIA HORN, GROUP CHIEF OPERATING OFFICER, NANDO’S

For years, organisations have been grappling with an accelerating pace of change, a shifting competitive landscape, and a business imperative for digital transformation. They have had to respond at speed to changes in their environment by developing new strategies, business models and organisational capabilities in increasingly nimble ways. The emergence of the Covid-19 pandemic in 2020 increased the pressure to reconfigure workforces and often business models in short order. In 2021 many businesses do not know which of these short-term changes they will keep, which they will reverse and which just give them a different start point for their future strategies. As we look ahead, being able to develop, implement and adapt new business strategies in a fast-paced, agile way will continue to be essential to business survival.

What are the major reasons that business strategies fail? Sometimes companies simply make poor strategic choices. However, failure is often due to ineffective execution, such as not investing sufficiently in new infrastructure, underestimating the new capabilities required to launch new services, or failing to tackle culture clashes when two companies merge. Often, we find that the people strategy can be an especially weak link, given insufficient consideration and lacking a clear line of sight with the business strategy. This is where Strategic Workforce Planning can form a bridge between business and people strategy.

Strategic Workforce Planning is an essential discipline that can help companies evaluate the feasibility of different strategic options. Its goal is to work out what’s needed in terms of people and organisation to implement the business strategy, to work out where the gaps lie between current supply and future demand, and to build action plans to develop the workforce to support long-term business goals. It’s a risk management tool enabling organisations to identify and manage the people and organisational risks associated with a chosen course of action.

SWP is key to avoiding a trap that many organisations fall into when developing people strategies: they simply extrapolate forward from today and fail to take account of how their business context will change and how that translates into the workforce.

We find that organisations are increasingly recognising the value of SWP and are looking to improve their practice. However, many organisations have struggled with implementing SWP. We have heard many stories of false starts and failed attempts.

The purpose of this report is to define what SWP is (and isn't), to explore how to develop a practical and effective approach to SWP, and how to overcome the typical barriers faced by HR functions. We also consider how approaches to SWP can be made more agile, adaptive and responsive to change.

RESEARCH METHOD: //

This report is based on the following data sources.

- Interviews with 30 practitioners, experts and academics.
- An online CRF survey, completed by 89 respondents in February 2021. Respondents were predominantly HR Directors and senior generalists, workforce planning specialists and senior specialists in talent, learning and other HR disciplines. They represent a broad spread of industry sectors and 36% work for organisations with 10,000 or more employees. Three-quarters were based in the UK, 17% in Europe and 8% in the rest of the world.
- A review of relevant academic and practitioner literature. See References for more information.

WHAT IS STRATEGIC WORKFORCE PLANNING? //

SWP is a process that's designed to align a company's people and organisation with its business direction. It involves examining future workforce needs as determined by the business strategy, analysing the current organisation, identifying gaps between the present and future, uncovering risks to strategy execution, and taking action so the organisation can accomplish its mission and goals.

What does 'strategic' mean in the context of workforce planning? Firstly it means examining the organisation's longer-term aspirations to understand what the business will need to be able to do well and what actions need to be taken from a people and organisation perspective to deliver against those ambitions.

Secondly, strategic typically means looking at a timeframe that stretches out significantly farther ahead than operational planning, (which tends to focus on a three to twelve month timeframe). Just how far ahead SWP looks will depend on the nature of the industry, the organisation's business planning horizon, and the degree of change going on in the company and its context. For example, retailers are typically looking at a shorter timeframe than businesses such as energy providers that are making significant longer-term investments in infrastructure. Many companies also plan for multiple timeframes.

Companies' experiences of the Covid pandemic have also shown that SWP can happen on a relatively short timescale. For example the rapid shift to 'clicks and mortar' in the retail sector has required rapid redeployment and retraining of staff. Some organisations have found that using a stripped-down version of the methodology we set out in Chapter 2 enabled better short-term decisions. Adaptive approaches to planning, discussed in more detail in Chapter 4, are key to enabling organisations to consider multiple scenarios or conduct 'what if' analyses.

Finally, SWP looks not only at what's required to develop and sustain the desired competitive position, but also at the risks associated with different courses of action. In essence, strategy and risk are two sides of the same coin. Looking at SWP from the point of view of risk means creating a safety net – identifying and acting on a small number of the most important things that might get in the way of the business accomplishing its goals.

From our research we would make the following observations that we return to throughout this report:

- The purpose of SWP is to improve the quality of conversation about what it will take to deliver the future vision of the business, in terms of talent, people and organisation. It seeks to uncover assumptions, explore options and surface risks.
- Effective SWP contributes to productivity and overall business performance by looking not only at the size, shape and capability of the workforce required to deliver the business strategy, but also at the total cost (including direct employees and others). One interviewee commented: "SWP is partly about skills, but it's also about competitiveness, for example how do we deploy technology to improve our competitive position?"
- Run effectively, SWP takes a 'future-back' view, identifying the steps that need to be taken to progress to the future state envisaged by the strategy.
- SWP looks at the macro level to identify pinch points that determine the feasibility of different strategic options, or even put new ones on the table. It should not just be an exercise that happens once strategy has been determined. Positioned correctly, it can help improve the quality of strategic decisions as they are identified and refined.

- SWP enables organisations to make strategic choices about where to invest in people, to identify the risks of failing to address workforce constraints, and to identify actions required to acquire, retain, develop and deploy the workforce. It also supports effective organisation and work design. Sometimes the actions required involve changes to jobs, not people.
- SWP highlights where action is needed now for the organisation to be in a position to address issues coming down the line.
- SWP is as much a mindset as a formal process. It's about creating the conditions for managers to think deeply and systematically about the workforce that's required to execute strategy effectively. It creates the habit of challenging assumptions and looking for evidence to inform employment decisions. As described by Mayo (2015), it's "a discipline that looks ahead and has the potential to see what is coming, or is likely to come, and to take proactive action."
- SWP allows for the testing of scenarios and assumptions about the future, using an evidence-based approach.
- SWP is not an exact science. It is unlikely to provide answers that are 100% correct, and requires leaders to exercise judgment and deal with ambiguity. It gives broad brush outcomes rather than detailed forecasts. It needs to be combined with scenario planning to explore uncertainty and map out alternative futures.
- It's essential that SWP is integrated into the business planning process, not run as a standalone process by HR.

In essence, SWP:

- Makes sure the right conversations are taking place by elevating people and organisation related issues to the strategic planning level
- Asks the right questions around the people and organisation implications of the strategy
- Provides the right answers by focusing people and organisation activity on the key risks to strategy execution

"Having a workforce that is accessible, skilled, motivated and efficiently deployed will increasingly be a key differentiator of business performance and financial success."

COLIN BEAMES, MANAGING DIRECTOR, ADVANCED WORKFORCE STRATEGIES

SWP seeks to address questions such as:

- What strategic capabilities will the business need to master to execute its strategy?
- What new capabilities will we need to build or acquire? What capabilities do we currently have that we need to maintain or develop? Which capabilities that we have today will no longer be required – and how should we tackle the surplus?
- Where will our changing needs require reorganisation or changes to content of our work and jobs?
- How might we build the capabilities we need to develop? Should we buy, build or borrow? Where will automation replace or change our people needs?
- What talent requirements emerge from our strategic plan? What are our most important talent segments? What talent interventions should we initiate in terms of recruitment, development and deployment?
- Which kinds of job roles and kinds of people are critical to delivery of the strategy and likely to be difficult to get hold of? How do we define and shape them?
- How do we match talent to add value in those roles, by matching our best people to our most critical roles?
- How can we best prepare the current workforce for the future?
- What big bets or bold moves do we need to make to acquire the future capability we need?
- What are the risks of failing to take action to develop our workforce and how can we mitigate them?
- Where is future workforce a serious enough constraint to make us re-think aspects of our business strategy?

DISTINGUISHING 'STRATEGIC' AND 'OPERATIONAL' WORKFORCE PLANNING

This report focuses on 'strategic' workforce planning. How is that distinguished from 'operational' workforce planning?

- Strategic planning focuses on the strategic capabilities required to execute the business strategy. This might involve developing entirely new capabilities, significantly increasing an existing capability or moving away from a current capability.
- Generally speaking, strategic would mean 'longer term'. Operational planning would typically focus on what needs to be achieved in the coming year to deliver current business commitments. However, as the experience of many organisations in adapting to lockdowns and remote working in the pandemic has shown, sometimes major strategic workforce shifts have to be executed over short timescales.
- Operational planning tends to be more detailed and numbers-driven, often linked with annual budgets. SWP tends to deal in orders of magnitude rather than precise numbers, painting a broader-brush picture focused on future trends and direction. While SWP may look at a longer-term horizon, it can give rise to actions that need to be taken in the short-term to prepare for the future.
- SWP often focuses on strategically critical segments of the workforce, such as technology skills, specific geographic markets or increasing diversity in key workforce groups. Operational planning might cover the whole workforce or those parts of the operation that are critical to in-year business performance.
- Operational planning tends to start with the current state and project forwards, whereas SWP should take a 'future-back' perspective identifying the major workforce shifts required to deliver the strategy.
- SWP tends to be more externally focused than operational planning, identifying broad longer-term trends in the external labour market and how they might impact the business.
- SWP augments rather than replaces operational planning. Often, SWP will highlight a few critical issues that would have been missed by an operational plan that extrapolates forward from the current situation. According to Nick Kemsley, Consultant and SWP Expert: "SWP helps identify the few critical things that would trip us up if they were left to operational planning to resolve."

WHY IS STRATEGIC WORKFORCE PLANNING AN ESSENTIAL DISCIPLINE IN TODAY'S ENVIRONMENT?

Strategy development, and SWP specifically, tend to be underdeveloped skills for the HR function. HR is often a 'receiver' of business strategy rather than being instrumental in developing it. Strategic planning in organisations also tends to under-emphasise the people, organisation and capability dimensions, with the focus only being switched on as organisations move into the execution phase. The CRF member survey conducted as part of this research asked respondents whether their organisation had a longer-term workforce plan (usually looking 3-5 years ahead). Responses showed that a quarter (26%) of respondents do not do longer term workforce planning in any formal way.

Positioned correctly, and with appropriate business sponsorship and support, SWP gives HR the opportunity to have a voice in strategy discussions: an opportunity to influence strategy during its development and improve the quality of discussions by focusing on the talent required to execute strategy and the feasibility of the options being considered. Sometimes SWP identifies elements in the business strategy which are vulnerable to labour supply problems and need to be re-thought.

We are likely to see significant restructuring and strategic repositioning of businesses post-Covid. This will drive demand for expertise in SWP. Organisations facing a high degree of uncertainty and the need for change can use SWP to improve the way they plan for change, explore different scenarios and plan for contingencies.

The broader technological and business model changes and need for digital transformation many businesses are undergoing is also a driver for SWP, requiring organisations to take a 'future-back' view of capabilities and talent. See the Case Notes below.

CASE NOTES: NANDO'S

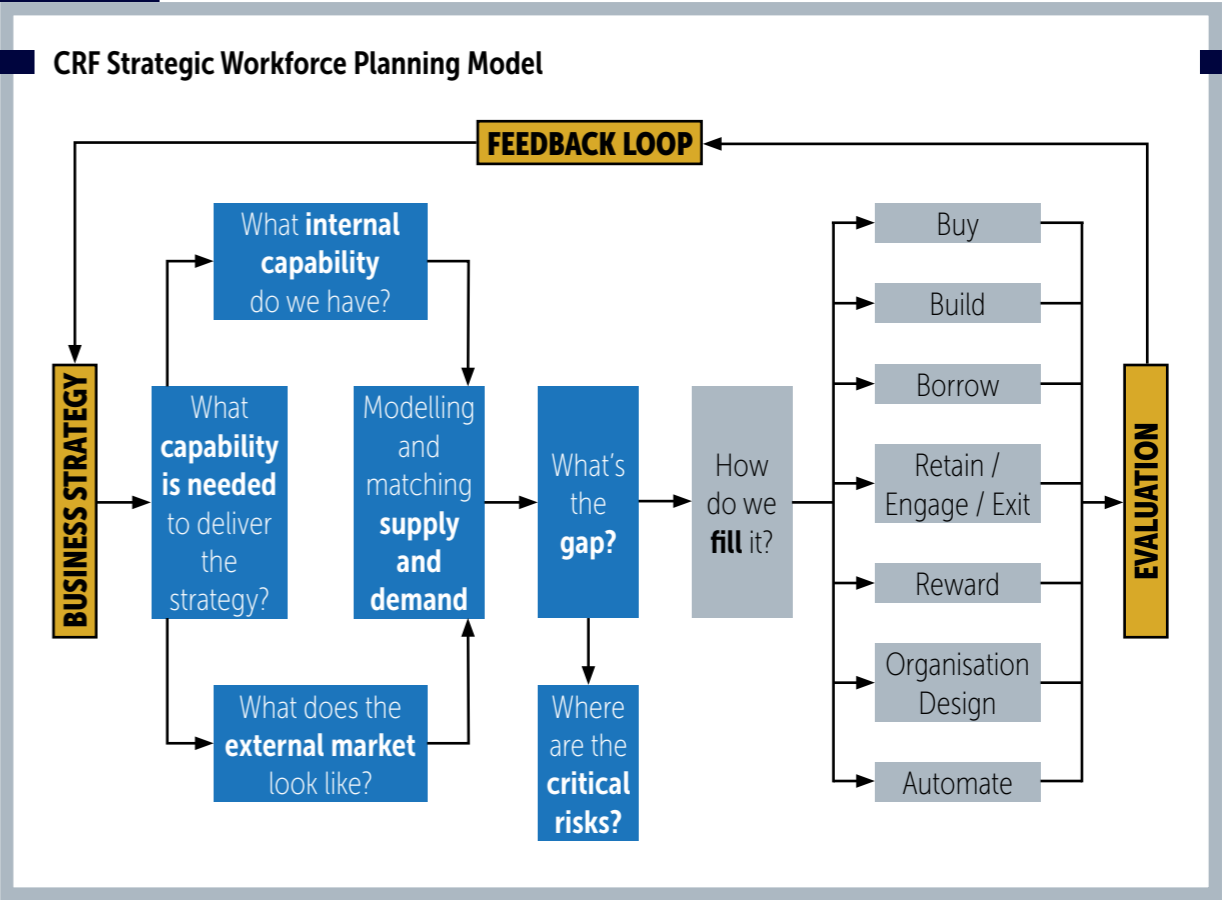
Throughout its history Nando's has successfully grown its own general management capability by developing people within its restaurant business. However, over the last seven years, the business has had to build new digital capabilities to support a move into online ordering and home delivery. This has meant a different approach to planning, taking a 'future-back' perspective. "It's much more testing when you have to prepare for a change in strategy," said Maria Horn, Group Chief Operating Officer. "It's about looking ahead at your plan, understanding what the core work of your business will become, identifying whether you have that capability in the business, then recruiting and preparing ahead knowingly." For Nando's this meant buying in capability from outside the industry, including the recruitment of a technology director from a different sector who could guide the executive team and challenge its thinking. "One of the choices we had to make as an executive team was how much of the capability we needed to own ourselves as opposed to partnering with others, for example delivery platforms such as Deliveroo. We realised that to build the capacity to develop these external partnerships, we would have to buy in capability from outside," said Horn.

2.0 CRF STRATEGIC WORKFORCE PLANNING MODEL

In this chapter we set out CRF’s framework for Strategic Workforce Planning. The CRF model is set out as a series of questions that explore the future workforce needs emerging from the business strategy, current supply, actions required to close the gap, as well as a feedback loop to evaluate actions taken and inform future iterations of the process.

There are many models that describe the process of SWP. Although they may vary on the title and sequence of the building blocks, there is a broad consensus that the steps are more or less the same. The level of maturity and effectiveness of SWP practice tends to depend on how the methodology is applied.

FIGURE 1



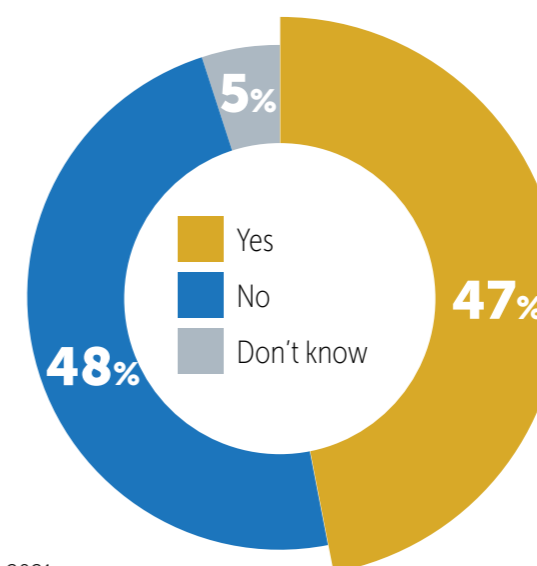
The following principles underpin the model:

- **Start with the business strategy.** The purpose of SWP is to identify workforce actions required to accomplish the business strategy. This means starting with an understanding of the business, which involves looking at both the external context and the internal situation. The context of the organisation – its political, social, economic and technological environment, the nature of competition and the pace of change – will drive choices around what to do, when and where.
- **Take a 'future-back' perspective.** It's important to start by articulating the organisation's 'North Star'. That is to describe a clear and compelling vision of where the organisation is heading, and what good will look like when it reaches that destination. SWP then works back from that point to set out the work that needs to be done to meet those objectives and the interim goals along the way.
- **Think of SWP as a system.** Thinking systemically involves connecting what happens within the organisation with its external environment. It also involves identifying the consequences of one set of actions within other parts of the organisation system. For example, a digital transformation strategy might require making the company more attractive to scarce talent such as data scientists or cybersecurity experts. This would require action across various elements of the employment value proposition, including physical location of work, reward, organisation culture, and performance management.
- **Positioning SWP in the wider employment strategy.** While the focus of SWP is principally resourcing, development and work design, it both shapes and is informed by the wider employment strategy. The employment strategy addresses questions such as: "What sort of employer are we aiming to be?", and "What are the culture, values and principles for managing people that underpin our employment proposition?"
- **SWP is an iterative process.** Although SWP may be drawn as a linear sequence of steps, in practice it is an iterative process. Later stages of the process may require earlier assumptions to be revisited. To paraphrase the nineteenth century Prussian military commander Helmuth von Moltke: "No plan survives contact with the enemy." The turbulent environment we live in means organisations must experiment, adapt and update their plans in line with experience on the ground. Plans need to be re-evaluated on an ongoing basis.
- **A partnership between HR and business stakeholders.** While HR may be responsible for designing the SWP process and delivering the plan, it is essential to engage key stakeholders from the outset in owning the process and its outcomes. Success will depend on business leaders, in particular finance and strategy functions, buying in to the need for SWP and committing time and resources to do the work.

Interestingly, our survey found that while three-quarters of respondents undertake some form of longer-term workforce planning, and over 90% plan their workforce on a one to two year timescale, less than half (47%) have a clearly defined methodology or process for SWP. See Figure 2 below.

FIGURE 2

Do you have a clearly defined methodology or process for SWP in your organisation?



Source: CRF Member Survey 2021

"One of the hidden benefits of SWP is it has a knock on effect on the quality of your business strategy, because you are having better conversations about the feasibility of execution."

NICK KEMSLEY, CONSULTANT AND SWP EXPERT

The CRF model is set out as series of questions that need to be answered in developing the workforce plan. Let's consider each of the questions in turn.

1 WHAT CAPABILITIES ARE NEEDED TO DELIVER THE STRATEGY?

Before getting into detailed planning around roles and positions, it's important to identify the critical organisational capabilities required to build or sustain competitive advantage.

Note that building organisational capabilities may require actions that are linked to talent, but will almost always include other factors. Organisational capabilities are bigger than (but include) talent.

Take 'consumer insight', a capability that many organisations cite as the key to unlocking competitive advantage. In practice, developing this capability is likely to require a combination of:

- Building *technology assets* that enable the collection and aggregation of data from multiple sources – to understand your customers, how they behave and what they think of you
- Building data analytics *capacity (roles) and skills* – to turn that data into actionable insights
- Building innovation *processes* that are agile and human centred – to respond fast and build products that consumers want
- Assigning *accountabilities and decision rights* to ensure that when you bring it all together, you strike the right balance between analytical rigour and creativity to make choices that work commercially
- Nurturing a *universal behaviour* of curiosity and insightfulness

Addressing this range of needs implies a combination of actions that develop the workforce and the supporting organisational infrastructure.

While teasing out the critical capabilities is an essential stepping stone in getting from business strategy to workforce actions, in practice leaders often find it difficult to break the business strategy down into tangible capabilities and bring those to life in terms of the day-to-day work of the organisation. Leaders will often simply extrapolate forward from today when in fact a change in strategy demands the development of new capabilities or a shift away from the organisation's current core strengths. Understanding how the work of the organisation will change is the essential bridge between strategy and identifying future capabilities. This stage must therefore answer questions such as:

- Is there new work that we will need to do to be successful in the future? (e.g. developing new brands, products or services, or operating across different sales channels)
- Or work that will be done in a different way? (e.g. faster innovation, adopting AI or machine learning to automate key processes, shifting to more sustainable manufacturing methods)

"Workforce strategies that are an extrapolation of current practice are, by design, short-sighted. They are also benign. They don't disrupt the business. They don't cause pain. But over time they damage the businesses they are meant to serve because they fail to recognise the difference between the work that you have done brilliantly in the past and the work that will drive your success in the future."

JILL FOLEY, MANAGING PARTNER, ON3 PARTNERS, REPORT AUTHOR

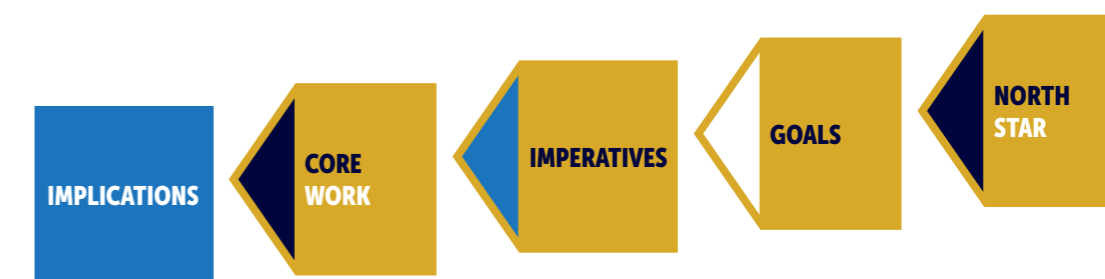
- Is there continuing work that requires a shift in skill or mindset? (e.g. service-centric practices to improve customer experience)
- What work has been critical to our success to this point, but will make a smaller contribution in the future? (e.g. operational excellence in retail stores when future growth will come from on-line channels)
- What work we must continue to excel at to sustain our position?

Several of these questions will be missed by extrapolating forward from the current situation.

The 'Future-Back' approach to Strategic Workforce Planning developed by Jill Foley, Managing Partner at On3 Partners helps leadership teams identify future capabilities by following a structured, 'demand led' set of questions which start from the strategic aims of the business.

FIGURE 3

Future-Back Model



© On3 Partners

North Star:

- What are our ambitions for the business?
- Why are they important? What does success make possible, that otherwise would not happen? What will happen if we are not able to realise our ambitions?
- What does success look like in the future?

Goals:

- What are our strategic goals and priorities? (Both qualitative and quantitative)
- Put another way – what are the measurable milestones on the journey towards reaching our North Star?

Imperatives for success:

- What are the conditions we need to create to ensure that we can deliver our goals?
- What do we need to do to create those conditions? What are the things we need to initiate, change or fix for success?

Core work:

- What's the work we need to do brilliantly to deliver those imperatives?
- How does all of this change the 'graphic equaliser' of what is important? I.e. which activities should be 'dialed up', and which 'dialed down'?

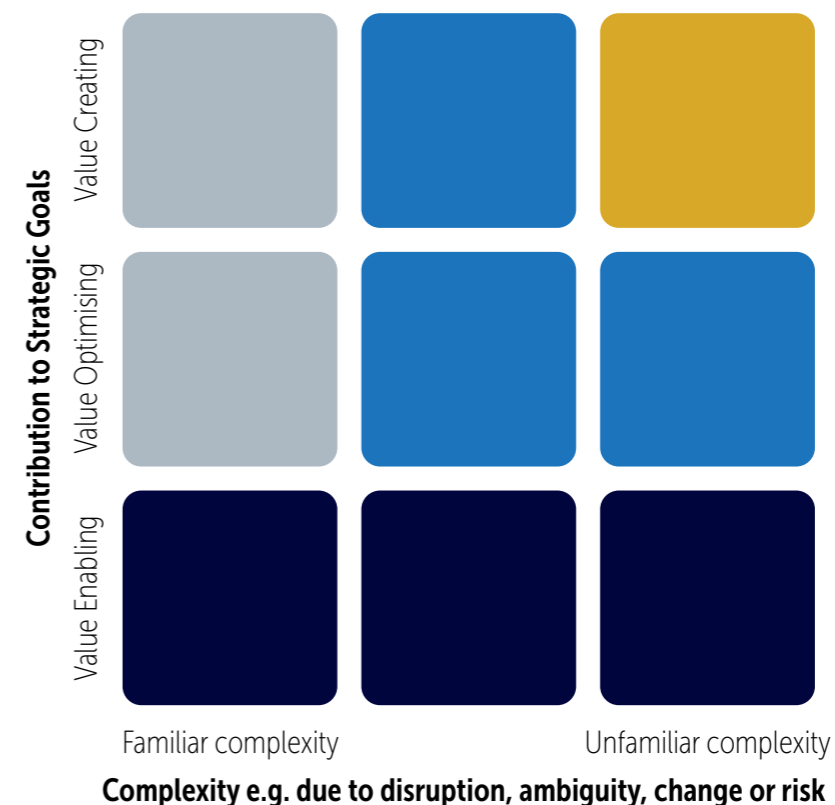
From here you can start to discern the scale of the difference between future work and current capabilities. Foley's approach involves mapping future work to determine:

- The value that will be created by building that capability
- When and where new capabilities are required
- The size of the shift from where we are today to where we need to be

The vertical axis looks at how each work element contributes to success:

1. Creating future value for the organisation (making future success possible)
2. Optimising current performance (securing today's success)
3. Enabling work that makes 1. and 2. possible

The horizontal axis looks at complexity based on the degree of disruption, ambiguity and risk associated with the work. This is an indicator of where the shift is greatest and where organisational capabilities will be most stretched.

FIGURE 4**Mapping Value and Complexity**

© On3 Partners

The map sets out simply and visibly the work that will be necessary to accomplish the strategy and pinpoints the elements that will drive greatest value and carry greatest risk.

The work elements that sit towards the top right of the grid have the potential to deliver disproportionate future value. If the capabilities required to do this work are not in place, then future success will be put at risk.

Work that sits towards the left of the grid is likely to be more stable (concerned with familiar practices and ways of working). If the capabilities required to do this work are not in place, then existing value (short-term performance) may be damaged.

From the perspective of SWP, this analysis pinpoints where investment is required to build the capabilities that will create disproportionately high value in the future. Understanding when and where work will be done surfaces where talent gaps need to be plugged fast e.g. through targeted acquisition. It will also surface where future skills may be adjacent to the organisation's current core strengths and therefore more easily developed. It helps leaders make the right trade offs between developing the talent they have today and building capability for the future.

Mapping work in this way often throws up counterintuitive insights. Take the example of a global sportswear business that owns and manages a portfolio of brands. The portfolio includes two global 'super-brands' that account for the lion's share of revenues and profits across the group. It also includes a number of smaller, specialist brands that have significant growth potential but face complex challenges (e.g. brand repositioning to fit the Asian market, re-engineering the supply chain, and upgrading their manufacturing partner to increase capacity and improve standards). Historically the 'super-brand' GM roles were considered the most critical on account of their scale and contribution. They enjoyed the pick of the 'best' talent and dominated leadership time and attention.

However, when the executive team mapped their core work using the 'future-back' approach and the grid, some surprising outcomes followed. The super-brands were both judged to be Familiar Complexity and respectively Value Optimising or Value Enabling – on the basis that their future contribution was to generate cash for investment in the smaller brands (counter to the initial expectations of the GMs that their roles were both 'unquestionably at the top right of the grid'). In fact, two of the smaller brands were judged to be in the 'top right' portion of the grid in recognition of their potential to unlock disproportionate value in the future. As a consequence their talent needs were given greater focus and a number of strategic talent moves were made to strengthen and accelerate their growth. The Marketing Director from one of the super brands was transferred to head up marketing in one of the smaller brands (on the face of it a "smaller job") on the basis that she could make a more valuable contribution to the Group by helping to reposition and grow the smaller brand than continuing to deploy her talents on sustaining the super-brand. This 'reframing' of talent priorities was unlikely to have been made if the leadership team had simply extrapolated forward.

Strategic Talent Mapping – from strategic capabilities to critical roles

Having identified the organisational capabilities required to deliver the strategy, the next stage is to translate this into talent requirements. One element of this is to define the critical roles that are needed to drive execution.

Organisations often confuse the size of a role or its position in the hierarchy with its importance. In fact, the roles that are pivotal to future success will often be small (e.g. dealing with emergent challenges that have not yet reached scale) and might sit several layers below the exec (e.g. the teams developing the digital assets that will transform the customer experience).

FACILITATING THE CONVERSATION AROUND STRATEGIC CAPABILITIES

While other elements of SWP are likely to involve large amounts of data and analysis, the approach at this stage is more around taking a high-level view of the future blueprint and identifying the major areas where detailed analysis and planning is required. Generally this can be achieved through discussion and facilitation. HR will need to take a consultative approach, involving conversations with key leaders and facilitated sessions to tease out the issues around what is required to enact the strategy. The outcomes of this stage are more likely to involve qualitative descriptions of macro changes required and orders of magnitude rather than absolute numbers.

One of the benefits of this approach to SWP is it can help improve the quality of thinking around the strategy. "Otherwise, the strategy can go into execution phase without key risks and opportunities having been considered fully, and then you have to backtrack further down the line," said Nick Kemsley.

Consideration should also be given to the criticality of roles across different time horizons i.e. roles that are critical for delivering performance today and creating value for tomorrow.

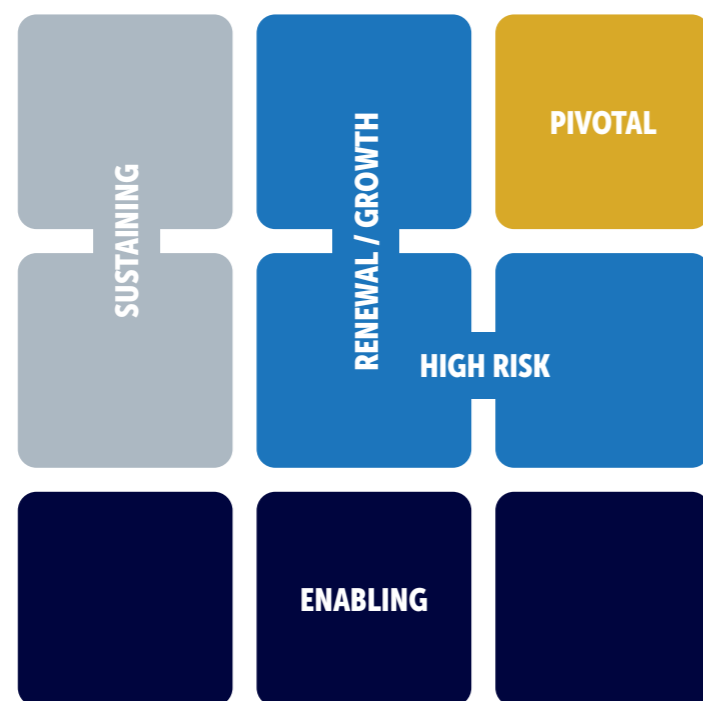
Critical roles are those that create outsize value and contribution to business outcomes and sustaining competitive advantage. Correctly identifying and investing disproportionately in these roles should lead to better organisational performance. According to Becker, Huselid and Beatty (2009): "There is a need to move away from conventional approaches to determining job importance and job worth to a model that focuses on future value creation, strategic job worth and competitive advantage."

There are numerous definitions of critical roles. Typically these include:

- **Value creation.** Value can be financial (sales) or qualitative (innovation, customer satisfaction).
- **Strategic impact.** Roles that make the greatest contribution to the organisation's competitive advantage, core capabilities, or future strategy.
- **Risk.** This might include roles that are high risk because appointing the wrong person could damage business performance and reputation.
- **Scarcity.** Difficulty in hiring or developing.

FIGURE 5

Mapping Critical Roles



© On3 Partners

The grid in Figure 5 above can be used to identify critical roles based on their contribution and complexity. Foley's approach leads organisations to distinguish the following categories of roles:

- **Pivotal:** Game-changers, instrumental in creating future value. Success will have a disproportionate impact on future performance.
- **Renewal / High Risk:** Roles that are concerned with transforming the business for growth or to improve effectiveness and performance.
- **Sustaining:** Concerned with 'mature' work where there is a clear blueprint for success. Often the biggest roles in terms of scale and resources and typically attract leadership attention because they deliver short-term performance.
- **Enabling:** Deliver the work that safeguards or enables the wider business to operate effectively.

By segmenting roles in this way, organisations can develop insights about where future success may be at risk which then informs talent management priorities. For example where new roles need to be created to give focus and visibility to value creating work; where the skills of an incumbent are no longer a good match for the future requirements of a role; which roles require risk mitigation and robust succession planning; and where talent pools need to be developed to create a diverse pipeline of future operational leaders.

Segmenting roles will inform the way that leaders match talent to value. Choosing the right person based on the value contribution, scope and complexity of work (rather than size and scale of the role). Organisations often make the mistake of placing their most talented leaders in their biggest roles when, in fact, their skills and experience may yield greater benefit by putting them in smaller, but more complex and challenging pivotal or growth driving roles.

2 WHAT INTERNAL CAPABILITY DO WE HAVE?

This stage involves understanding the current workforce and how it is changing in order to assess the availability of people to meet future demand. This means looking at factors including:

- A baseline of the current size, location, and profile of the workforce (skills, length of service, demographic information, diversity data).
- Jobs or skills families and skills levels. Skills may include both generic skills which apply to the whole workforce, leadership or management skills, and technical or job-specific skills. See Sidebar on next page.
- Expected major flows both in and out (turnover patterns, retirements, anticipated restructurings, internal moves, vacancies).
- Talent management information (succession plans, internal talent pools, anticipated cohort recruitment such as graduates). These all provide information about the future internal supply of talent. For example, where there is good succession cover, where there are gaps that need addressing through targeted talent interventions, where there are risks.
- Career paths and promotion information which shows the nature and speed of movement in talent pipelines.
- Resourcing mix – balance of external vs internal resourcing for critical workforce groups, which is important in terms of understanding future supply options.

This stage of the process can be data-heavy and require data analysis capability in HR. However, by narrowing down the analysis to the strategic capabilities and talent identified in Stage 1 above, the effort can be focused on the parts of the business and workforce where the greatest shifts are anticipated.

“Understanding skills is crucial to SWP, but it’s a hard one to crack. Even with the tools available, it’s really hard to quantify how much people skill you actually have in an organisation.”

TIM HAYNES, HEAD OF TALENT, LEADERSHIP & OD, GW PHARMACEUTICALS

Accounting for Skills

One of the considerations for SWP is how to group together jobs that involve similar work and therefore need the same kinds of skills. Jessica Modrall, Vice President Services at orgvue said: “One of the preconditions for successful SWP is: do you have a handle on your role and job architecture? You need to have a framework, whether that’s driven by types of work, roles or capabilities, to develop the plan. Having a good data structure helps you prioritise and provides a foundation on which to measure your start point and track progress towards agreed goals.”

While a good place to start may be to look at the main functions or activities of the business (e.g. operations, R&D, finance, commercial), increasingly we find that organisations are looking to build a better picture of the skills profile of their workforce. As organisations look to reinvent their business models post-Covid, skills are becoming the new competitive currency and need to be core consideration of SWP.

Increasingly, this is driven by technology which is supporting organisations in moving from a focus on ‘jobs’ to a more skills-centric view of the workforce. Rebecca Larpent, VP Talent & Diversity at Thomson Reuters, said: “The whole employee experience is increasingly based on skills. Technology is making this happen with skills clouds, talent marketplaces, and learning and career hubs coming together to create a consistent employee experience.”

However, getting good data on the skills profile of the workforce is a significant challenge. Our survey found a lack of information about skills to be the second-biggest barrier to success.

Over the years, organisations have struggled to develop useful skills frameworks and keep them up to date with live employee data.

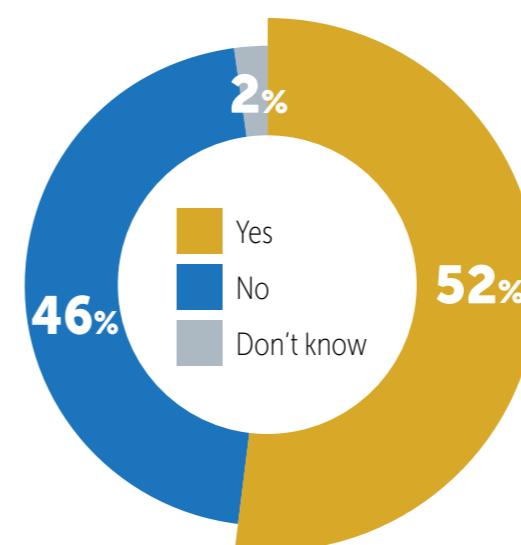
- The effort required to build and maintain a skills taxonomy is often not worth the effort
- The lists of skills against which organisations assess people (for example within their job families or competency frameworks) are often too detailed or not future-focused
- We lack valid ways of assessing skills levels in a cost-effective manner
- There is often little incentive for employees to maintain their skills profiles

STATE OF PLAY – SKILLS

Our survey found that just over half (52%) of respondents have a skills taxonomy or framework (such as job families) which is used to structure their approach to workforce planning. See Figure 6.

FIGURE 6

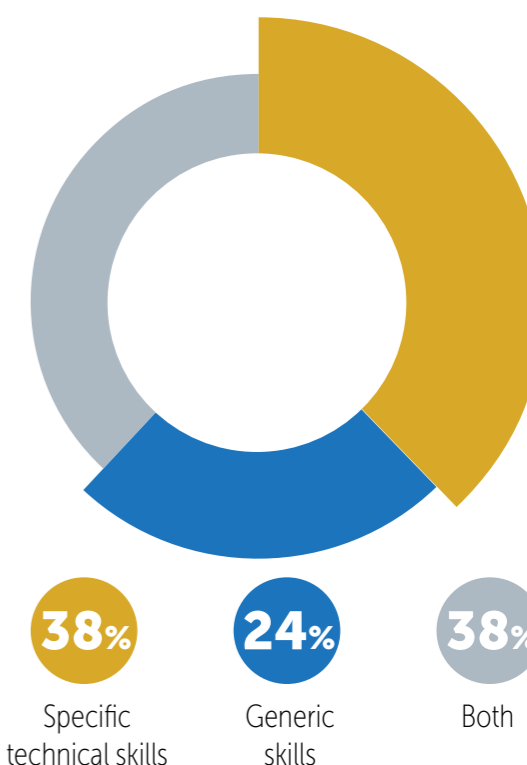
Do you have a skills taxonomy or framework which you use to structure your approach to Strategic Workforce Planning?



Source: CRF Member Survey 2021

FIGURE 7

Does your skills framework address ...



For those who have skills frameworks, we asked whether they cover specific technical skills (e.g. skills applicable to job families), generic skills (e.g. a competency framework that applies to the whole workforce), or both. 38% cover technical skills only, 24% generic skills only, and 38% both. See Figure 7.

Emerging tools in the SWP and talent field are beginning to offer potential solutions to increase the transparency of skills in the organisation. Both general HCM systems such as Oracle and specialists such as Degreed and Burning Glass are developing skills clouds with built-in skills taxonomies that are developed and maintained through crowdsourcing and machine learning.

- Faethm uses external market data and analytics to identify where jobs are most likely to be disrupted by technological change and require reskilling. It identifies opportunities for role augmentation and reskilling and provides tools for managers and individuals to explore career opportunities and specific learning pathways. Some companies are using it to model the implications of automation and digitalisation and to identify roles which are likely to increase or decline as a result of technological change. One consumer goods company we interviewed combines Faethm and LinkedIn data to identify potential pools of talent in competitor and other organisations. What it showed was that sometimes the company was competing with organisations in completely different sectors such as pharmaceuticals or high tech to access critical future skills.
- Burning Glass crowdsources skills taxonomies by looking at millions of jobs posted every day. Talent Neuron can analyse information such as job profiles and produce a breakdown of the skills associated with the role.
- IBM's system reads across multiple structured and unstructured information sources including CVs, performance reviews, social media posts and job experiences to assess the breadth and depth of skills in the organisation. It can also infer an individual's level of skills based on their digital footprint, provide personalised learning recommendations based on adjacent skills, alert employees to in-demand skills, and warn them if their skills are going out of date.

Our recent research on [careers](#) concluded that there needs to be much better joined-up thinking between business and workforce strategy, learning and development, resource deployment, and talent and careers. The latest platforms are seeking to enable joined-up thinking by providing dynamic tools to help individuals plan their career, and improve deployment and internal mobility by making it easier for people to access job experiences to develop new skills.

A key trend is the emergence of 'talent marketplaces' such as Gloat and Fuel50 that enable managers to openly advertise not only permanent positions, but also short-term assignments and projects. Talent marketplaces can help to address the barrier of a lack of skills data, by providing an incentive for employees to keep the information they provide to the company about their skills and aspirations up to date.

However, while the latest tools can help you get started, they are limited. Generic taxonomies generally need to be augmented in order to meet the particular needs of different organisations. Roger Ellison, Global Head of Future Workforce Planning at BP, said: "Cloud-based skills engines only get you so far. We are still quite a way away from having self-defining, self-governing skills frameworks, and companies may still need to manually manage their own taxonomies. External frameworks can help inform thinking, but rarely give the full answer."

3 WHAT DOES THE EXTERNAL LABOUR MARKET LOOK LIKE?

Assessing the future shape of the workforce and potential workforce risks includes building a picture of the external supply of talent in the timescales required to fulfil the business strategy. It also involves looking at broader workforce, demographic and technological trends that may affect the availability of talent. Companies will need to access both formal and informal information sources including population data, educational data, job market information, and intelligence from headhunters. Some organisations have built talent intelligence teams that mine data from multiple sources. In one example a technology company developed targeted recruitment campaigns aimed at organisations that were known to be releasing redundant staff onto the jobs market. Relevant external market information would include:

- Changes in the working population in the markets in which the company operates. The shift to remote working during the pandemic may mean that companies will benefit from access to broader talent pools in geographies where they do not have operations.
- Understanding the main competitors for critical talent and potential new competitors. Is competition for that talent likely to increase or decrease?
- Likely shortages or surpluses of key skills in current and future labour markets.
- Output of the education system in terms of subject, level and type of qualifications and quality of skills.
- The impact of innovation or automation. Is technology becoming available that will allow work to be wholly or partly automated? Will that result in demand for different skills?
- Alternative sources of supply, such as outsourcing, contingent workers or acquiring (buying a company primarily for the skills and expertise of its staff rather than its products or services).
- Alternative hiring strategies to tap into new talent markets – older workers, people with disabilities, former service personnel etc.
- Pools of workers currently working in other sectors who could be redeployed. For example, during the pandemic retailers ramped up their home delivery services quickly by hiring people who had been laid off from other sectors such as hospitality.
- Industry trends and the impact of regulation.
- Changing assumptions in the working population, for example around diversity, workplace culture, and environmental or social impact.

Examining these and other relevant factors helps build a picture of where the biggest changes in the labour market are likely to occur and which might require the organisation to develop different resourcing strategies.

Modelling and matching supply and demand

Once the organisation has developed a point of view on the capabilities needed to deliver the strategy, and examined data relating to the internal and external talent supply, it should be possible to develop models to match supply and demand, assessing the gaps between what the business will need and its potential future workforce supply. Sometimes this will be obvious – we need a lot more of X and it's hard to find – and will not require detailed modelling. Where modelling is required, emerging real-time analytical tools such as Dynaplan allow different scenarios to be simulated quickly.

4 WHAT'S THE GAP?

The purpose of this stage is to identify gaps between future need and current supply and highlight the areas where action may be needed. This step may consider multiple timeframes, setting out when gaps are likely to open up, and allowing action to be phased in line with anticipated demands.

Gap analysis can be done both at the level of individual roles or workforce groups. Focusing on workforce groups allows planning for cohort-based recruitment and development, for example setting up an apprenticeship scheme to develop cybersecurity expertise.

Looking at critical roles, the grid in Figure 5, can be used to compare the cohort of current and future leaders with the critical roles required to execute the strategy. This can help determine where the succession pipeline for key roles is thin, which talent pools need to be developed, or where individuals may need to be given developmental assignments to prepare them for a destination role.

5 WHERE ARE THE CRITICAL RISKS?

A key aim of a future-back process such as SWP is to identify the few critical things that will trip up the business if it fails to take action, that otherwise might have been missed by projecting forwards from operational plans. "It's about building recognition that if we don't take action over the short-to-medium term, when we get further down the line we run the risk of not being able to deliver our work and being unable to do anything about it," said Megan Hunt, Executive Director Human Resources, AWE.

This step involves reviewing the gap analysis through the lens of risk. Where is our strategy most at risk if we fail to address the gaps effectively and in good time? Risk is not just about the size of the gap – it is a combination of the size of the gap, how critical it is to strategy execution, and how difficult it will be to close. Focusing on risk is an exercise in prioritisation: helping narrow down all the possible actions to those which are absolutely necessary to achieve a minimum level of capability to sustain the business, or which are most critical to accomplishing the strategy.

"SWP is not just about FTEs – it's also about considering how work gets done, which can mean thinking beyond the 'traditional' workforce. For example, utilising a greater proportion of project-based resources or partnering with other organisations to bring in unique capabilities."

TIM HAYNES, HEAD OF TALENT, LEADERSHIP & OD, GW PHARMACEUTICALS

It also opens up a conversation around options for mitigating the risks identified. Do we need to take action to build partnerships with third parties to reduce our risk exposure? Should we revisit our resourcing strategy to see if we can be more creative in opening up access to scarce technical skills?

6 HOW DO WE FILL THE GAPS?

Having identified the major gaps and risks to strategy execution that need to be addressed by the SWP, the next stage is to formulate an action plan. This stage forms a bridge between the business strategy and people strategy/plan. The process of SWP does not necessarily result in a single planning document, but should feed into other business and people plans. There may be different plans covering each of the outcomes that needs to be delivered by the SWP, and each plan may have multiple workstreams running over several years.

In practice this is often the most complex and demanding of all stages. The work required is not just about putting plans together, it requires securing commitment by the business, both in terms of funding and effort to implement those plans. As our survey shows, translating plans into action is one of the most significant barriers to successful SWP in practice.

While some actions – recruitment and training – may be obvious, there may be other deeper organisational issues that need to be tackled. For example, developing a new line of business might require changes to the business operating model, the organisation culture may need to be refreshed, or people processes may need to be modified to better meet the needs of critical talent segments. The plan needs to set out not only the actions required around people, but also any changes to the organisation design, culture and context.

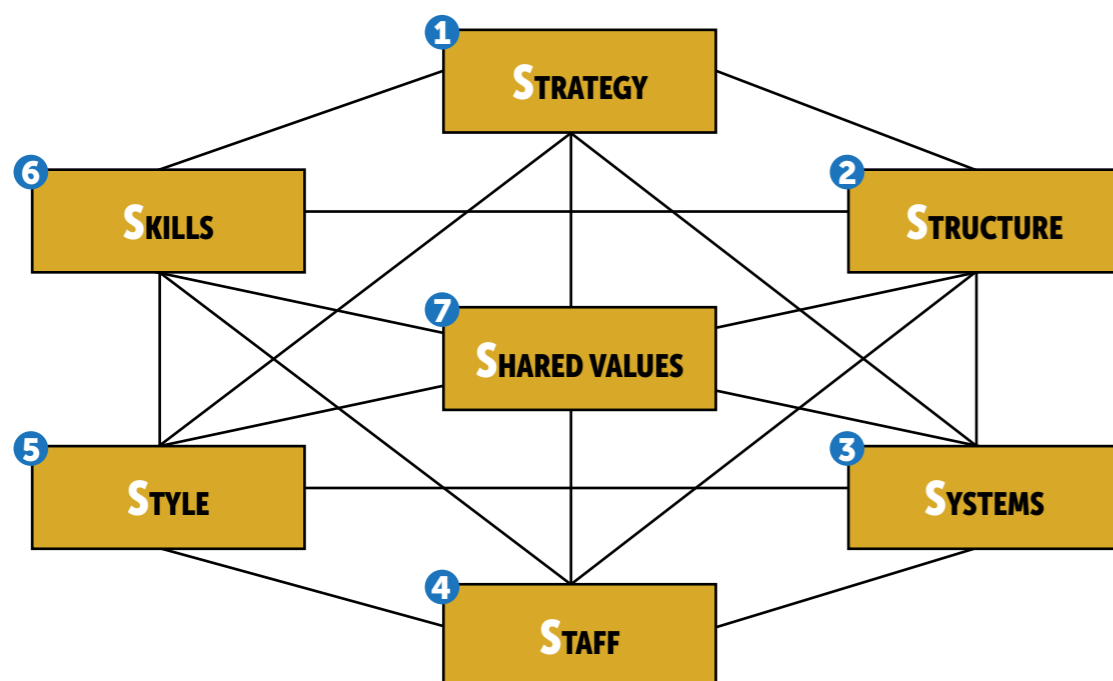
It can be useful to use a systems model such as the McKinsey 7S or Galbraith's STAR model as an aide memoire to think through the wider implications and make sure interdependencies are identified. For example, ramping up the recruitment of digital marketing specialists without considering whether the employer brand, EVP, work culture and reward package are attractive to the target population may lead to the organisation struggling to bring in the people it needs.

McKinsey's 7S model (see Figure 8 below), starts with the business strategy and looks at the following:

- **Staff** – how many people will be needed, when and where
- **Skills** – technical and other skillsets
- **Style** – is the style of work and behaviours consistent with the desired business outcomes?
- **Systems** – do we need to make changes to policies, processes and the supporting infrastructure to achieve our goals?
- **Structure** – the organisation design, formal hierarchy, and informal networks through which work gets done
- **Shared values** – the organisation culture, how work gets done and the values of the organisation

FIGURE 8

The 7S Model



Source: McKinsey & Company

When considering the options available to address gaps and risks identified through SWP, it is useful to consider a range of possible actions. These include:

- **Buying in talent through recruitment.** The workforce segmentation and identification of critical roles discussed above can be used to differentiate between 'make' roles which would be developed from within; and 'buy' roles, which would be brought in from the external market. 'Make' roles require a higher level of investment in training and development and career management.
- **Growing talent internally** through both formal on-the-job skill and career development, and deployment of people through developmental experiences.
- Actions around longer-term **development of talent pipelines** and career development, for example technical career pathways or talent pools focused on increasing the representation of diverse talent. Some employers of STEM skills are mixing and matching graduates and apprentices to build more inclusive pipelines. Other organisations are considering the social impact of their longer-term hiring decisions, such as running local programmes that support the communities where the business operates. For example, Siemens builds alliances with schools and universities not only around its technology interests but also around its geographic footprint. "We have many manufacturing and service sites across the UK, so for instance in Lincoln, where we are the largest employer, our outreach starts in schools and extends all the way through to university" said Toby Peyton-Jones. "Our managers support the faculty in the university and professors, lecturers, students and apprentices can be found experimenting with the latest research ideas on the factory floor. Even our customers get involved, and collaboration between education and business becomes a engine for innovation and the development of future skills."
- Creating **talent transition pathways (redeploying, re-skilling)** to smooth out internal demand curves or redeploying people from parts of the business where demand for talent is reducing, while avoiding blanket workforce reductions. For example, we have seen SWP resulting in programmes to retrain retail staff as software engineers, or reskill telecoms engineers from copper-wired to fibre-optic systems. Thomson Reuters is using rotation programmes to help people develop cloud computing skills as it moves its systems to the cloud. It has also developed an enterprise-wide digital fluency programme to assist people to upskill in specific areas of future digital capability. One of the benefits of SWP is to reduce restructuring costs through better planning of redundancy or retrenchment programmes. Several interviewees commented that SWP can be helpful in discussions with unions and works councils as it provides evidence to enlist their support in initiatives to reskill and avoid redundancies. HR can also drive a conversation around what else the company can do with its capabilities – identifying potential new business opportunities by deploying people in new ways.

- **Improving retention and engagement.** Analysis may indicate 'leaky' parts of the talent pipeline that need to be addressed. This might include developing specific retention strategies, improving training and career development, and making changes to pay and reward.
- **Increasing workforce flexibility** through 'borrowing' talent from the contingent workforce – temporary and agency staff, self-employed contractors and consultants.
- **Developing differentiated EVPs.** Where the organisation is looking to hire skills it previously did not require (such as developing a new technical capability or hiring talent from outside its sector), or attract different talent segments (e.g. Generation Z talent, increasing diversity in the talent pipeline), it may be necessary to make changes to the employer brand and employment value proposition. This could include offering more flexible patterns of work (especially part-time working) developing new recruitment campaigns, rethinking career pathways, developing mentoring schemes, updating reward and benefits packages, rethinking the working environment, or investing in new IT systems. For critical roles it may mean developing a new career 'deal'.
- **Rewarding employees for developing new skills.** For example, IBM reinforces its skills-based career development strategy by rewarding those who develop skills needed for the future. It provides managers with predictive analytics tools to help make skills-based compensation decisions.
- **Automation of work,** reducing the demand for workers or automating some tasks currently done by humans. "The standard actions of SWP – acquire, partner, outsource or develop – are now being supplemented by consideration of where we can automate through AI," said Kerry Nutley, Strategy Director, Oracle Human Capital Management. Companies also have to be conscious of the social impact of changes to the workforce in the communities where the company operates, and this needs to be considered alongside the impact of automation.
- **Redesigning work** to meet changing business needs more effectively. For example, developing multi-skilled teams to increase resource flexibility, or designing a new function or job role to focus on a new capability to be developed.
- **Outsourcing** of non-core activities.
- Targeted **mergers and acquisitions** or acquihiring, (where a business is acquired for the purposes of securing its talent).
- **Changing where work is located,** including remote working. For example, many technology companies have reduced their reliance on the highly competitive Silicon Valley labour market, by relocating operations to other US cities or parts of the world.

- **Collaborating with the education system** or government training programmes. Several organisations we interviewed have launched initiatives with local schools and universities, for example to encourage children to pursue STEM careers. Companies involved in national infrastructure projects have used their workforce analysis to influence governments' long-term investment in skills that are strategically important at the national level.
- Validating the degree to which the organisation's plans for **learning and development** address the issues arising from SWP. For those capabilities that have to be developed from within, does the L&D plan include sufficient investment?
- **Developing knowledge management strategies.** Where cohorts with deep expertise are due to retire within the planning horizon, is there a plan for capturing and transferring their knowledge?

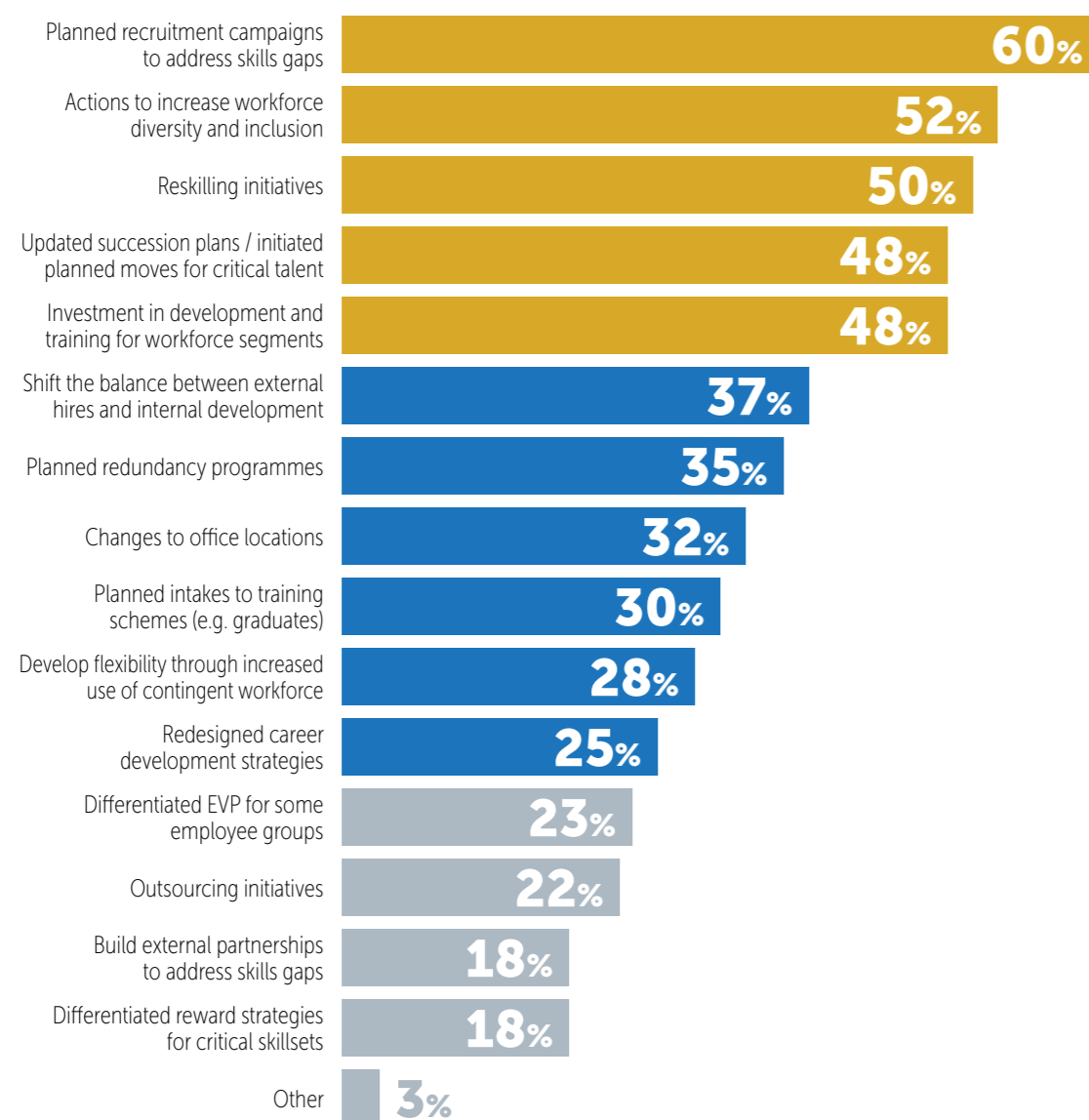
CASE NOTES: SIEMENS

Toby Peyton-Jones, formerly Siemens' HR Director for UK & Northern Europe, outlined the five actions he used to address potential implications flowing from SWP conversations: **Build, Buy, Bump, Borrow, and Bind.**

- **Build:** Development from within.
- **Buy:** Bringing new talent into the organisation. By analysing previous years' data, the recruitment team were able to predict where demand for external hires was likely to arise. "If you know what your strategy is, you can start conversations with people who are not looking for a role, but might be potential employees," said Peyton-Jones. That way, when a manager is looking for a specific skillset, you can put together a shortlist quickly because you've been having conversations for some time." Buy could also mean acquiring a whole business to fill a strategic capability gap.
- **Bump:** Often people would be promoted – bumped up – creating vacancies below them in the organisation. It was therefore important to predict where those 'bumps' were likely to happen and plan ahead.
- **Borrow:** Use of third party contingent workforce or partnering with other organisations.
- **Bind:** Planning for a predicted level of turnover. "Part of the plan was to think strategically about how to continue to retain and engage our own people by making the employer proposition attractive and make sure people were appropriately rewarded as recognised," said Peyton-Jones.

FIGURE 9

Which actions have you taken within your organisation as a result of Strategic Workforce Planning? Select all that apply.



Source: CRF Member Survey 2021

Specialists in SWP recommend taking a 'total workforce' perspective. This means analysing the work, its design and how best to get it done, rather than jumping straight to recruiting permanent positions. This can open up opportunities for automation or augmentation of work through technology, tapping into the contingent workforce, or sharing employees with other organisations, (secondments etc.). In practice, it would appear there is some way to go on this. Less than half (45%) of respondents to our survey look beyond direct employees to include the contingent workforce (e.g. consultants, contractors or opportunities for outsourcing). Only 39% consider work design – how work might be redesigned or automated.

Our survey asked what sorts of actions companies are taking as a result of their efforts in SWP. Figure 9 shows the most common actions were planned recruitment campaigns to address skills gaps (chosen by 60% of respondents), actions to increase workforce diversity and inclusion (52%), reskilling initiatives (50%), updating succession plans or initiating planned moves for critical talent (48%), and investment in development and training for specific workforce segments (48%). Just over a third (35%) had planned redundancy programmes as a result of SWP. Less common were developing differentiated EVPs for some employee groups (23%) and differentiated reward strategies for critical skillsets (18%).

45% of survey respondents include planning for the contingent workforce

39% of survey respondents consider how work might be redesigned or automated

7 HOW DO WE EVALUATE THE EFFECTIVENESS OF THE PLAN?

The final stage of the process involves setting up mechanisms for evaluating and improving the practice of SWP and monitoring the implementation of actions arising from the plan.

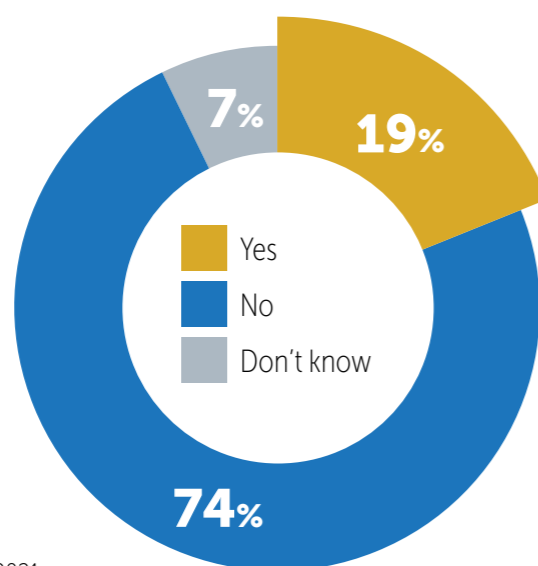
Our survey found that evaluation is not a common feature of organisation practices around SWP. Less than a fifth of respondents (19%) say they evaluate the effectiveness of their Strategic Workforce Planning. See Figure 10 below.

For those organisations that do evaluate the effectiveness of SWP, they tend to focus either on broader people metrics such as engagement or succession planning coverage (where SWP would be one of multiple factors influencing the outcome), or they track the delivery of actions arising from the plan. Others review its effectiveness informally based on business outcomes and the impact of recommendations.

In addition to tracking key metrics, there can be significant value in conducting a qualitative analysis, which enables those responsible for SWP to determine whether key stakeholders value the outcomes of the process and whether the actions identified in the plan are being followed through. Some of the more sophisticated organisations in our research report having regular after-action reviews embedded as part of the planning cycle.

FIGURE 10

Does your organisation evaluate the effectiveness of your Strategic Workforce Planning?



Source: CRF Member Survey 2021

“When you set up SWP, it’s important to be clear about the business issues you’re looking to solve. That way, you can define measures of success and track your progress.”

NATALIE JACQUEMIN, PARTNER, HR AND WORKFORCE TRANSFORMATION, MERCER

Evaluation might involve asking stakeholders questions such as:

- What do key stakeholders think about the results achieved relative to the costs incurred or effort involved?
- Did we implement the actions agreed in the plan?
- What impact did these actions have on business outcomes and key metrics?
- Do we regularly revisit assumptions and update plans accordingly?
- Do we communicate the results of SWP to those people in the organisation who need to know about them?
- How can the process of SWP be improved?

CASE NOTES: **MAJOR RETAILER**

Over the last couple of years the major retailer has built a small team focused on Strategic Workforce Planning within the people strategy function. The initial driver for SWP was to look over a three to five year horizon to ensure the business has the skills and capabilities to deliver the future business strategy, and to put in place initiatives to mitigate risks to achieving this goal. The SWP team is separate to well-established operational resource planning which sits within retail operations. The choice of where to position SWP within HR was made to ensure that the outputs of workforce planning are tied into the people strategy, and that common themes that apply across different parts of the organisation can be coordinated.

Like many organisations, initial attempts at SWP did not gain sufficient traction in the business. "We were too broad-brush at first, trying to boil the ocean," said the head of SWP. "You can't get into the required level of detail around skills when it's too generic." The retailer now approaches SWP on a project by project basis, focusing on parts of the business where there's likely to be a strong requirement for reskilling. This might involve looking at specific functions or cross-business capabilities such as project management. One of the initial business issues identified was to improve the attraction and retention of talent within the technology function.

Prioritisation is essential, and helps the team adapt the methodology applied to the scale of the issue. The process begins by looking at the business plan, external and internal macro drivers, and discussion with business leaders to determine where SWP should focus over the following six months. The SWP team applies Gold, Silver or Bronze priority to each initiative, scaling the process up or down according to the degree of change or dimensions of the challenge in that part of the business. For instance, Gold priority might be applied where the drivers of change are both internal (a change of strategy requiring a redesign of work) and external (tight labour market). In this case the methodology would look in depth across multiple factors including the internal and external labour market, EVP, reward and organisation and work design. For Bronze-level issues, a pared-back methodology would be applied, reaching an answer more quickly.

One of the key benefits of developing expertise in SWP, is that it provides evidence to support choices around actions and initiatives. "It's meant we are better able to engage stakeholders and build momentum around elements of the people strategy," said the head of SWP.



3.0 OVERCOMING BARRIERS TO SUCCESSFUL SWP

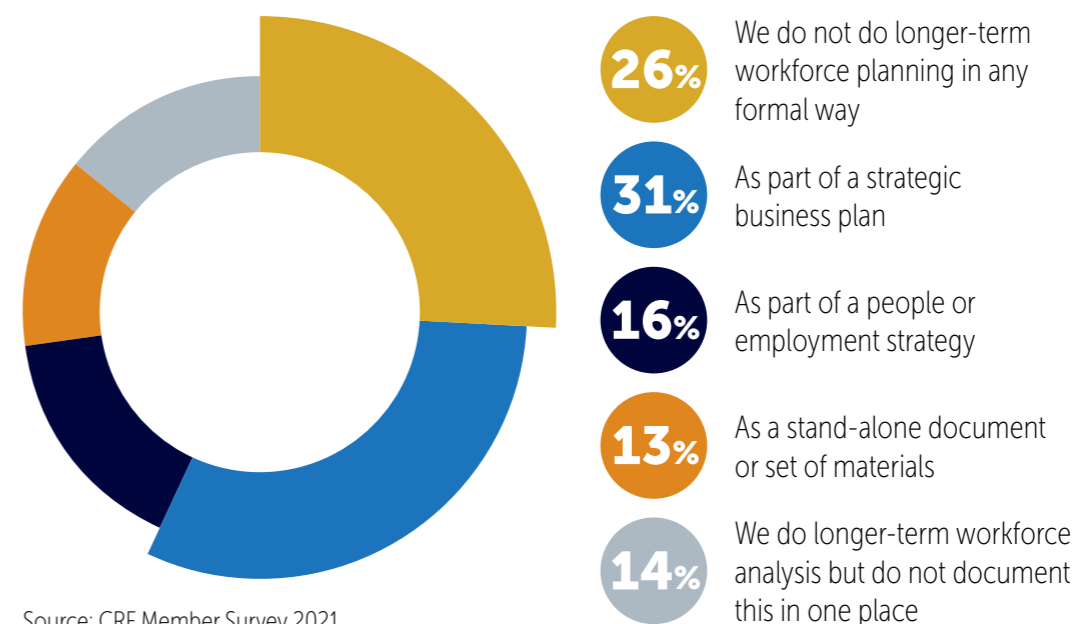
Our research has shown that, while SWP is an essential tool for HR to support the business in delivering its strategic objectives, it's hard to implement successfully. Most organisations that have reached a level of maturity in SWP have a history of failed attempts, and have experimented with different approaches in order to develop a methodology that works for their business. In this chapter, we explore the barriers to successful implementation of SWP, consider some of the choices faced by organisations in designing their approach to SWP, and look at practical solutions to some of the challenges faced.

STATE OF PLAY – SWP

Our survey asked respondents whether their organisation had a longer-term workforce plan. A quarter (26%) do not do longer-term workforce planning in any formal way. Just under a third (31%) undertake workforce planning as part of their strategic business planning, and 16% incorporate workforce planning within their people strategy. A further 13% have a stand-alone workforce plan. See Figure below.

FIGURE 11

Do you have a longer-term workforce plan (usually on a 3-5 year timeframe)?



Source: CRF Member Survey 2021

3.1 BARRIERS

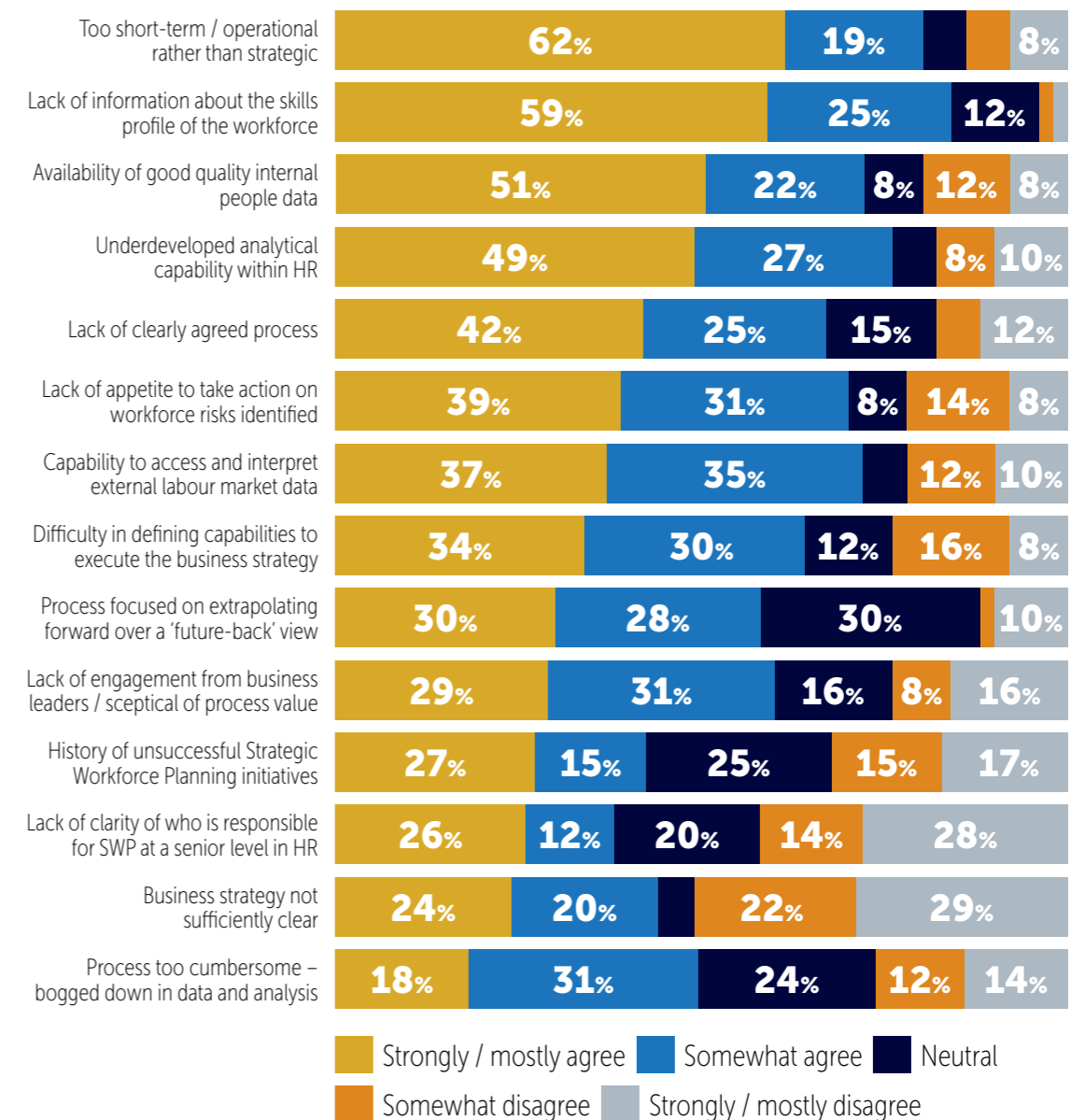
Our survey asked respondents to rate various obstacles to successfully developing SWP capability, asking to what degree each was a barrier in their organisation. Figure 12 shows responses in descending order, with the most commonly cited barrier at the top. The top barriers related to:

- The process being too short term or operational rather than strategic
- A lack of quality people data, particularly with regard to the skills profile of the workforce
- A lack of analytical capability in HR
- Not having a clear process for SWP
- Failing to take action in the organisation to address the issues identified

Our research found that many organisations are relatively immature when it comes to SWP. We asked respondents to rate their effectiveness across various elements of SWP. See Figure 13 on the following page. There were only two areas where respondents rated their performance as more effective than ineffective: how SWP is used in deployment of staff, and how it integrates with succession planning. It appears that where SWP gives rise to actions that are within HR's control, such as skills development, resourcing or succession planning, respondents judge their organisations to be more effective.

FIGURE 12

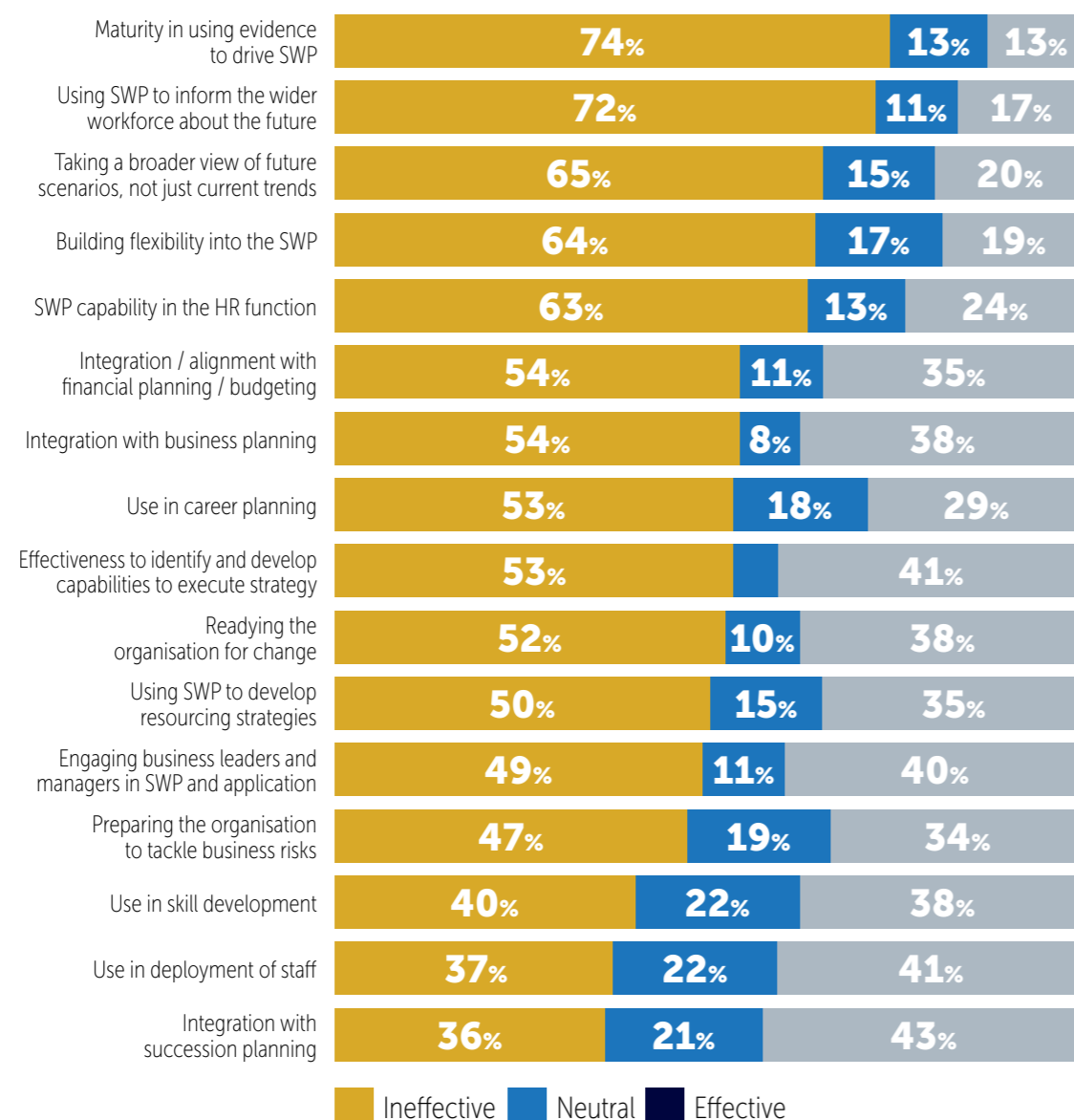
To what extent do you agree that each of the following is a barrier to successful SWP in your organisation?



Source: CRF Member Survey 2021

FIGURE 13

How would you rate the effectiveness of your organisation's SWP activities across each of the following?



Source: CRF Member Survey 2021

The areas where organisations judged themselves to be least effective were:

- Using data and evidence
- Looking across multiple scenarios or building flexibility into workforce plans
- Using SWP to inform the workforce about future skills requirements (e.g. to support career planning and development)
- Integration with business and financial planning

“What I’d most like to improve about our approach to SWP is embedding it as part of the strategic planning cycle rather than just the annual operating plan.”

RESPONDENT TO CRF MEMBER SURVEY

Our survey also asked what respondents would most like to improve about the approach to SWP in their organisation. The main themes were:

- Improving the quality of people data, particularly around skills
- Clarifying responsibility within HR
- Integrating SWP in the business planning process. According to one respondent: “What I’d most like to improve is embedding it as part of the strategic planning cycle rather than just the annual operating plan.”
- Engaging business leaders in the process. “We could improve by communicating better and getting more people on board,” said one respondent.
- Closer connections with strategy and finance functions
- Improving HR’s SWP capability
- Developing a consistent methodology for SWP
- Connecting to succession planning
- Becoming more future focused
- Making better use of scenarios, what-ifs and ranges to increase flexibility of planning
- Taking action as a result of analysis

3.2

PRACTICAL CONSIDERATIONS

Our research highlighted a number of choices and practical considerations organisations have to make in designing an approach to SWP that's right for their business.

1 POSITIONING SWP AS AN ESSENTIAL PART OF BUSINESS PLANNING

Our research suggests that SWP is less likely to be successful when it's run as a standalone HR process. It is essential that SWP is positioned as integrated with, not separate from, the organisation's strategy development and business planning processes. Positioning SWP as the people and organisation dimension of planning can help give SWP currency in the organisation. Toby Peyton-Jones said: "We realised SWP was best housed as a major strand of strategic planning, not as a standalone HR process. This has the advantage of ensuring that HR learn about the business from the bottom up and are able to position the people topics as an integral part of the business strategy – not as an afterthought."

SWP needs to be aligned with business planning, and run to the same timeline. One benefit of this approach is that it elevates the consideration of people and organisation, making it an essential element of developing the business strategy. This can also help improve the quality of the business strategy, as the 'what' and 'how' of the strategy are considered together. According to Nick Kemsley: "It means the organisation's capacity to execute the strategy and the risks to execution get discussed at the right time, which is when the strategy is being developed." It also means HR has a seat at the table when strategy is being discussed, and has the opportunity to make a meaningful contribution to strategy conversations.

"Stop thinking about SWP as a downstream HR planning process, and start thinking about it as adding back into the strategic planning process the bits around people and organisation that are missing."

NICK KEMSLEY, CONSULTANT AND SWP EXPERT

Another consideration is what to call SWP. Several interviewees commented that they had chosen not to use the SWP label, as business leaders didn't respond well to the terminology. Claire Weston, Head of HR Business Partnering, Direct Line Group, said: "There was a connotation around Strategic Workforce Planning that people didn't like. So we stopped calling it that and started talking about a Workforce Fit for the Future. This simple change got more interest and accountability." Other examples include integrated business planning, future mapping, or simply not giving SWP a separate label at all.

"SWP has to be fully integrated into the end-to-end business processes for business, strategic and capital planning. It needs to be baked into all the business planning horizons. In practice, however, it's often held in HR or at best sits on the periphery of the financial planning process."

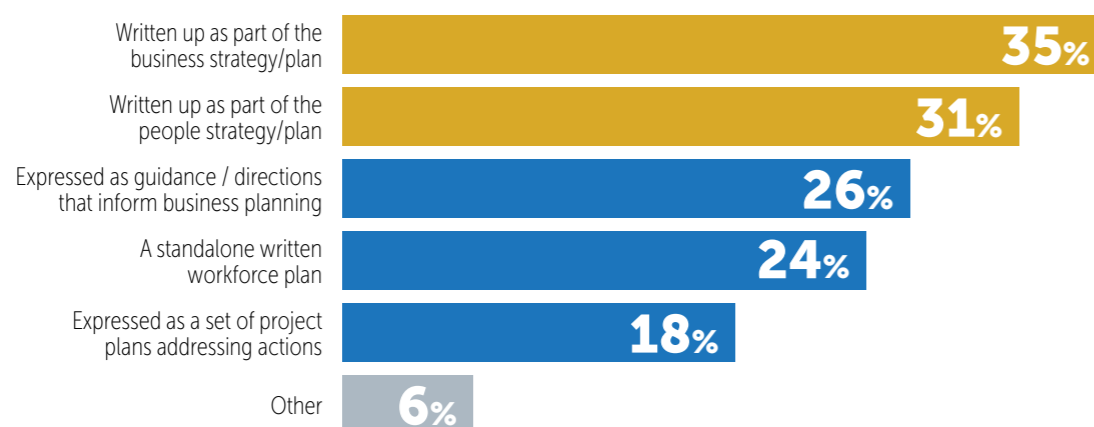
ROGER ELLISON, GLOBAL HEAD OF FUTURE WORKFORCE PLANNING, BP

HOW IS THE **OUTPUT OF SWP** CAPTURED? //

Our survey asked CRF members how they capture their SWP – as a standalone workforce plan or incorporated into the business strategy or people plan? Our survey respondents were fairly evenly split on how they capture the outputs of SWP. 35% write up their SWP as part of the business plan, 31% write it up within the people strategy or plan, and 24% have a standalone written workforce plan. See below – note some respondents chose more than one option.

FIGURE 14

How are the outputs of SWP captured? Select all that apply.



Source: CRF Member Survey 2021

“Unless and until the business leadership team sees the value in doing this, it’s an HR process attempting to push water uphill.”

**IAIN MCKENDRICK, VP HR STRATEGY PLANNING & ANALYTICS,
GLOBAL TRUCKS TECHNOLOGY, VOLVO GROUP**

“We often find our business leaders are on top of the finance and risk aspects of planning, but they’re not on top of the people agenda in the same way. One of our challenges has been to find a hook to engage them in Strategic Workforce Planning.”

HEAD OF BUSINESS PARTNERING, FINANCIAL SERVICES

2 **STAKEHOLDER ENGAGEMENT**

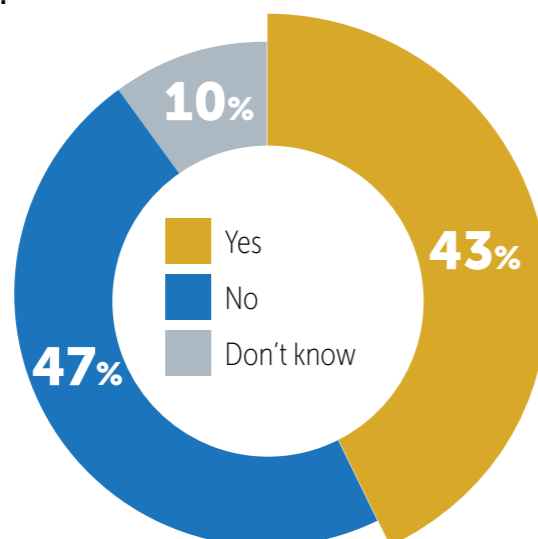
Another critical success factor is to engage key stakeholders in ownership of the process and its outcomes. Business leaders need to buy into SWP and engage in the process. While the process itself may well be designed and driven by HR, business leaders must also own the outcome, particularly when it comes to taking action on the plan’s recommendations. It’s not good enough for HR to run the process in a separate silo and expect the business to pick up and run the implementation. SWP is not a conversation HR can have only with itself.

Success requires cross-functional business involvement, engaging all those involved in delivering the plan to create it. Key stakeholders include finance, the business planning or strategy function, and business unit leaders. Iain McKendrick, VP HR Strategy Planning & Analytics, Global Trucks Technology, Volvo Group, said: “You need a strong partnership with finance, because that builds confidence that the numbers are right and the plan is deliverable.” Another interviewee commented: “You have to make the strategy director your best friend.” Sometimes it will be necessary to overcome a degree of scepticism among leaders who have already lived through various unsuccessful attempts at SWP and may doubt the value it can bring.

Our survey found that organisations could do better at communicating the outcomes of SWP to business leaders and other stakeholders. Less than half (43%) report having a process for this. See Figure 15 on the following page.

FIGURE 15

Do you have a process for communicating the outcomes of SWP to business leaders and other key stakeholders?



Source: CRF Member Survey 2021

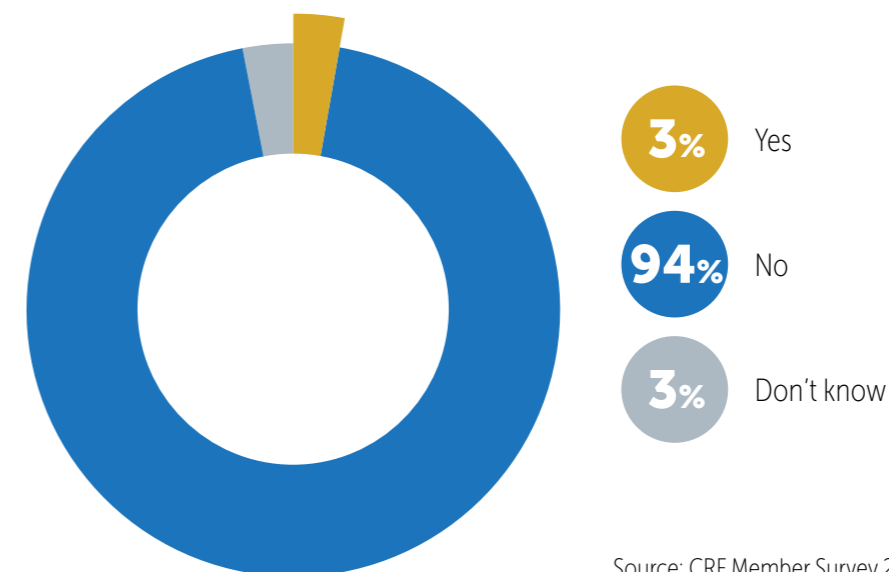
Employees as key stakeholders

Another key stakeholder, often overlooked, is the workforce itself. Our research found only 3% of organisations have a process for communicating the outcomes of SWP to the whole workforce. See Figure 16. This is a missed opportunity and will become increasingly important as companies look to reskill and redeploy people whose roles are replaced by technology.

Employees need to know what skills will be valued by the business in future so they can plan their careers and development. And they need to be given advanced warning of skills which are likely to become redundant, so they can reskill or prepare for a change in career. Communicating a broad-brush picture of the future requirement for skills in the organisation can help engage employees in planning for their own future. Communicating which roles or skills are likely to be in demand, creating pathways for current employees to acquire those skills, and connecting people with opportunities to develop those skills on the job can give people agency in their own future and help offset restructuring costs.

FIGURE 16

Do you have a process for communicating the outcomes of SWP to the whole workforce?



Source: CRF Member Survey 2021

Some of the more sophisticated organisations are thinking about how to communicate to employees the impact of changes such as automation or digitisation. They are also setting up talent marketplaces using platforms such as Gloat or Degreed to connect people with internal projects or job opportunities that provide opportunities to build new skills. For example, Thomson Reuters is using its Workday HRM platform to develop a joined-up employee experience which connects its skills cloud, talent marketplace, learning and career hubs. "We are starting to articulate much more clearly our expectations around reskilling and upskilling, becoming more joined up and transparent with employees," said Rebecca Larpent, VP Talent and Diversity.

In practice, however, SWP is not as well connected to the talent, career development and L&D agendas as it could be. While many organisations communicate their business strategy to all employees, very few share the findings of their Strategic Workforce Planning. Telling the story of where the organisation is headed, the skills that will be needed to get there, how people can acquire and practice those skills, and how long it might take to migrate from one type of skills to another, would seem to be a sensible outcome of SWP. However, it is unusual in practice.

RESPONDENT TO CRF MEMBER SURVEY ABOUT WHAT HAD BEEN MOST EFFECTIVE IN HELPING IMPLEMENT SWP IN THEIR ORGANISATION

“A pilot launch in one business unit where we could focus effort, build engagement and demonstrate tangible results.”

3 SCOPE – WHOLE WORKFORCE OR CRITICAL CAPABILITIES ONLY?

One of the reasons SWP can fail in organisations is, rather than focusing on a few business-critical elements, it tries to cover too much. Some interviewees shared that they had experienced attempts at SWP that had failed because they tried to ‘boil the ocean’. Iain McKendrick said: “SWP is most valuable when it focuses on critical capabilities. While in some industries mapping every single role might be useful, mostly you are chasing after the Holy Grail if you try to do it all.”

We asked survey respondents to specify which elements their workforce plans cover. Responses depended on the timescale covered by the plan. Longer-term workforce planning tends to focus on critical roles, skills groupings, or capabilities. Only 28% of survey respondents plan for the whole workforce over a three to five year timeframe. See Figure 17 opposite.

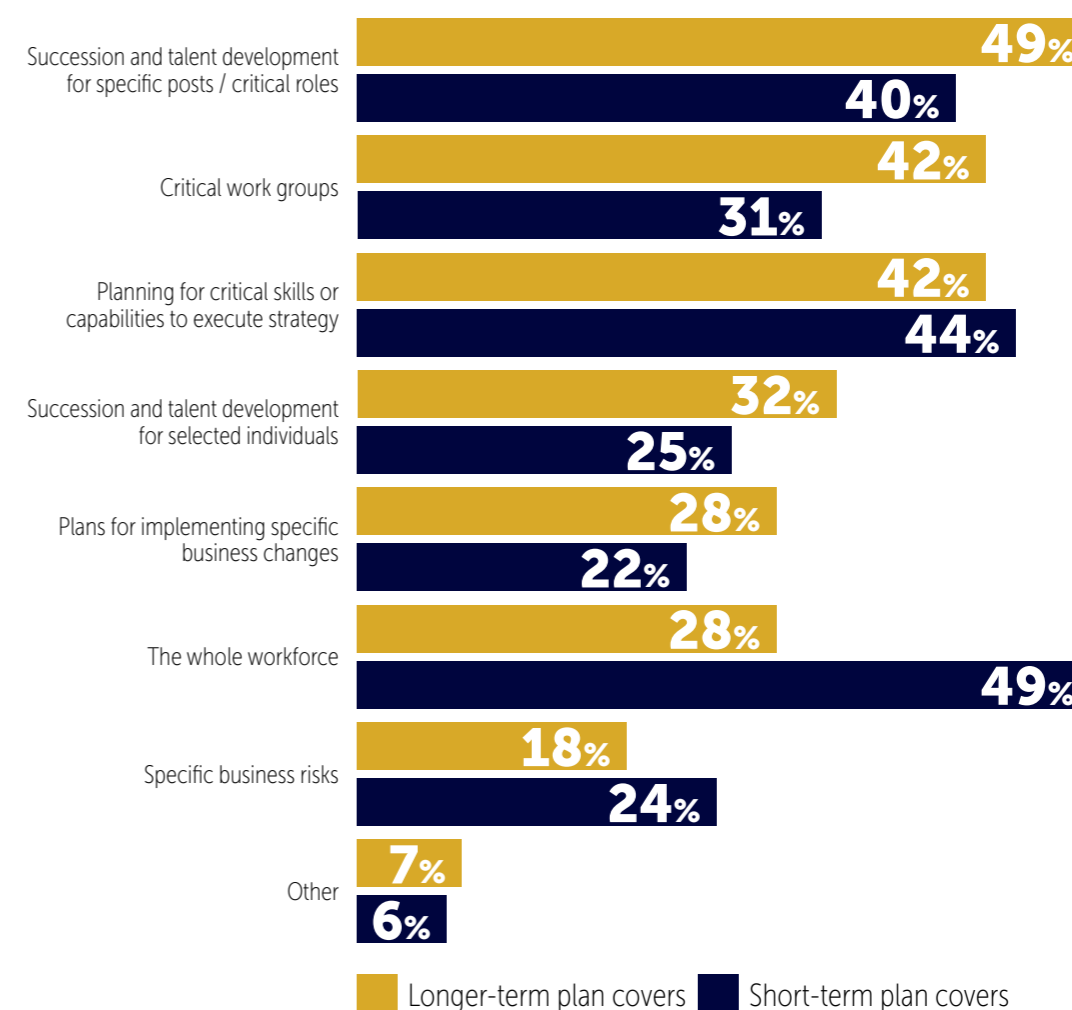
In contrast, shorter range workforce plans are more likely to cover the whole workforce (49%) and less likely to focus on selected individuals (25%) or critical workforce groups (31%).

Some organisations take a project or issue-based approach to SWP, thereby keeping the scope focused on the most pressing business concerns. Similarly, some organisations focus on issues that cut across multiple parts of the business, such as the impact of technology, the ageing workforce, or the nature of the workplace post-Covid. Running a pilot or proof of concept in one part of the business before rolling SWP out more widely is another tactic that has helped some organisations test and learn in the process of adopting SWP.

FIGURE 17

Which of the following do both your longer- and short-term workforce plan cover?

Select all that apply.



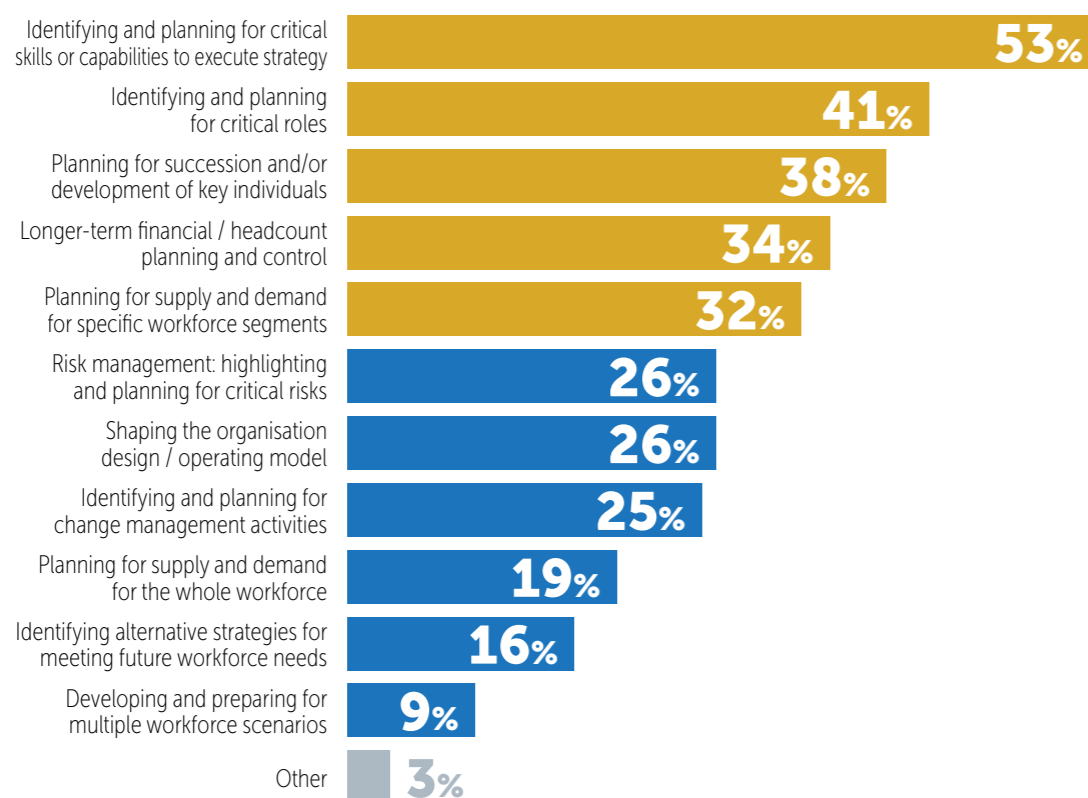
Source: CRF Member Survey 2021

PURPOSE OF SWP

Our survey asked respondents to identify the main purposes of SWP in their organisation. The top response was identifying and planning for critical skills or capabilities required to execute business strategy (53%) followed by identifying and planning for critical roles (41%) and planning succession and/or development for key individuals (38%). Longer-term headcount planning and control was a main concern for a third of respondents. Interestingly, using workforce planning to identify and manage workforce risks was a top priority for only a quarter (26%) of respondents and planning for change activities or programmes the same (25%).

FIGURE 18

What is the main purpose of SWP in your organisation? Select up to three.



Source: CRF Member Survey 2021

4 WHO'S RESPONSIBLE – CORPORATE OR BUSINESS UNIT-LED PROCESS?

Another choice larger, multi-divisional organisations face is whether SWP should be run as a centralised corporate process or devolved to functions or business units. To some extent the answer to this question will be determined by the business operating model and the degree of integration across business units. "Where it sits depends on whether strategy is developed centrally or locally," said Natalie Jacquemin, Partner, HR and Workforce Transformation, Mercer.

The risk of running SWP from the corporate centre is that it becomes too generic. The analysis needs to happen at a sufficiently granular level to allow detailed actions plans to be developed – which might look very different from one division to another. Iain McKendrick advocates a pragmatic, agile approach which tailors the methodology to the needs of different business units: "One of the conundrums is should SWP be a top-down, uniform, structured process, following a standard, timeframe, process, templates etc. That's hard to do consistently well. Alternatively you can give licence to divisions or business units to identify critical strategic options within some fairly broad parameters, following the strategic timeframes of that particular business. It's a more agile approach and gets you to a bottom-up view."

A common model we observe in practice is to have a central team responsible for developing common tools, templates and methodologies for SWP and supporting the development of capability across the business. The execution of SWP is then run by HR Business Partners working with management teams within business units or functions, in line with the business planning cycle for their divisions. For example, at Thomson Reuters the group talent team drives capability development and provides supporting methods and resources, while business partners are responsible for delivering the work in business units with their leadership teams.

HR Business Partners are critical to the success of SWP, for a number of reasons. They are a critical link in engaging business stakeholders and embedding the habit of SWP within the business planning process. In return, SWP can also be a way of building HR's business acumen. "Clients say SWP led to the biggest uplift in their HR Business Partner capability," said Jacquemin. "And it also changed how HR is perceived in the business."

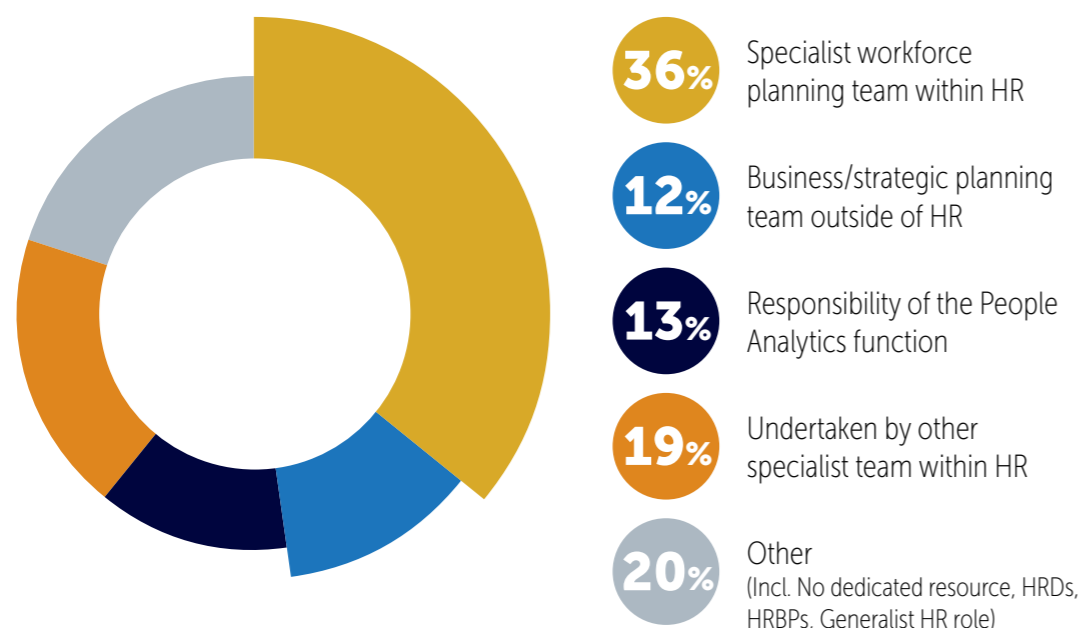
As organisations are increasingly run as cross-functional networks or matrixes rather than strict hierarchies, this has an impact on the practice of SWP. Often the practice of running planning as a top-down, hierarchical process lags behind the reality of cross-functional working in complex organisations. We see some organisations take a cross-enterprise view of SWP for functional skills such as finance, technology or project management.

Similarly, while SWP is the responsibility of business unit leadership teams, a centre of expertise for SWP or central HR team might identify common themes across divisions and build enterprise level plans around these, hence optimising both centralised and decentralised approaches.

Our survey asked respondents whether they have a dedicated SWP capability. Over a third (36%) of survey respondents have a specialist workforce planning resource within HR. For others, SWP is the responsibility of business partners or other specialists within HR. Just 12% report that responsibility for SWP sits in a business or strategic planning team outside of HR. See Figure 19 below.

FIGURE 19

Do you have a dedicated / specialist workforce planning capability in your organisation?



Source: CRF Member Survey 2021

5 PLANNING HORIZON AND RHYTHM

Another consideration in designing the process for SWP is to determine the appropriate planning horizon (i.e. how far ahead the plan looks) and how frequently the plan needs to be updated. In practice this will be determined by the strategic planning horizon and review process of the business.

Determining a suitable planning horizon for an individual business will depend on various factors including the nature of the industry, the degree of change in the business and the how long it will take for actions arising from the plan to bear fruit. Some organisations look through multiple lenses, developing both medium- and longer-term plans that address different timescales (see Case Notes on page 36). Also, business units within the same organisation may work to different time horizons. There is no one-size-fits-all.

Our survey found only 12% of organisations look further than five years out. These tend to be organisations running long-term capital or infrastructure projects, or with a need to instigate initiatives to develop longer-term talent pipelines for in-demand technical skills such as STEM. Three-quarters of respondents say they plan on a three to five year timeframe and 91% of respondents have shorter-term workforce plans looking up to two years ahead.

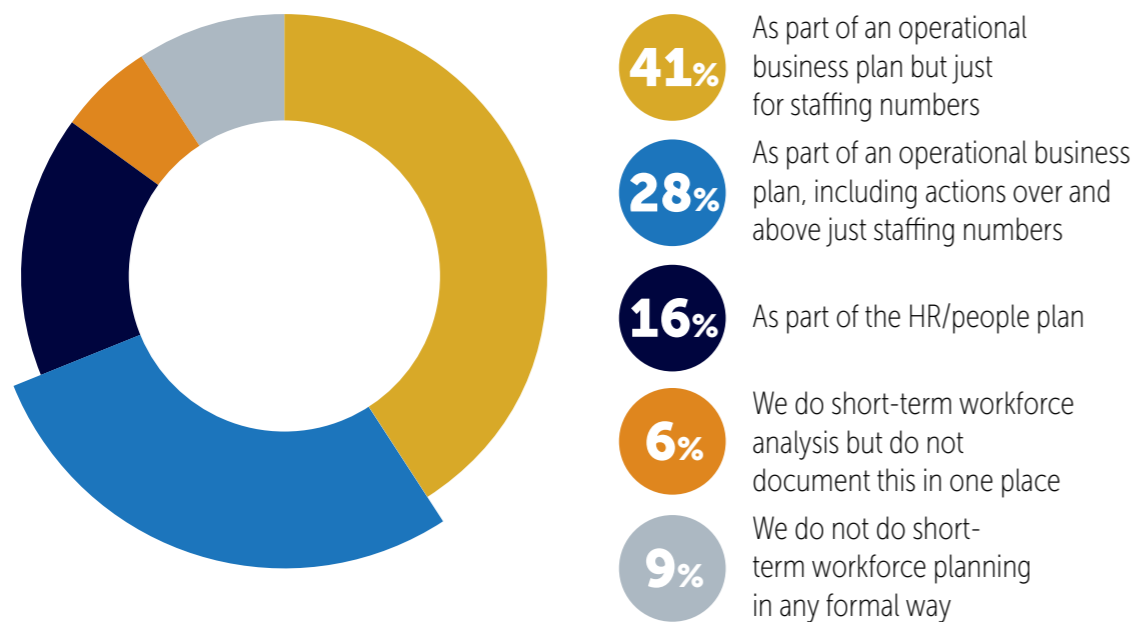
As discussed above, longer-term planning (three to five years) and shorter-term operational planning (looking one to two years out) tend to have different focuses. Organisations are less likely to plan for the whole workforce over three to five years, instead focusing on succession and talent development for specific roles, and focusing on critical workforce groups or specific capabilities.

Shorter-term planning tends to focus only on staffing numbers. Only 28% of our sample look beyond staffing numbers to consider other people actions such as investment in L&D or cohort recruitment campaigns. See Figure 20 on following page.

12% of survey respondents plan further ahead than five years

FIGURE 20

Do you have a short-term workforce plan (usually a set of workforce actions on a 1-2 year timeframe)?



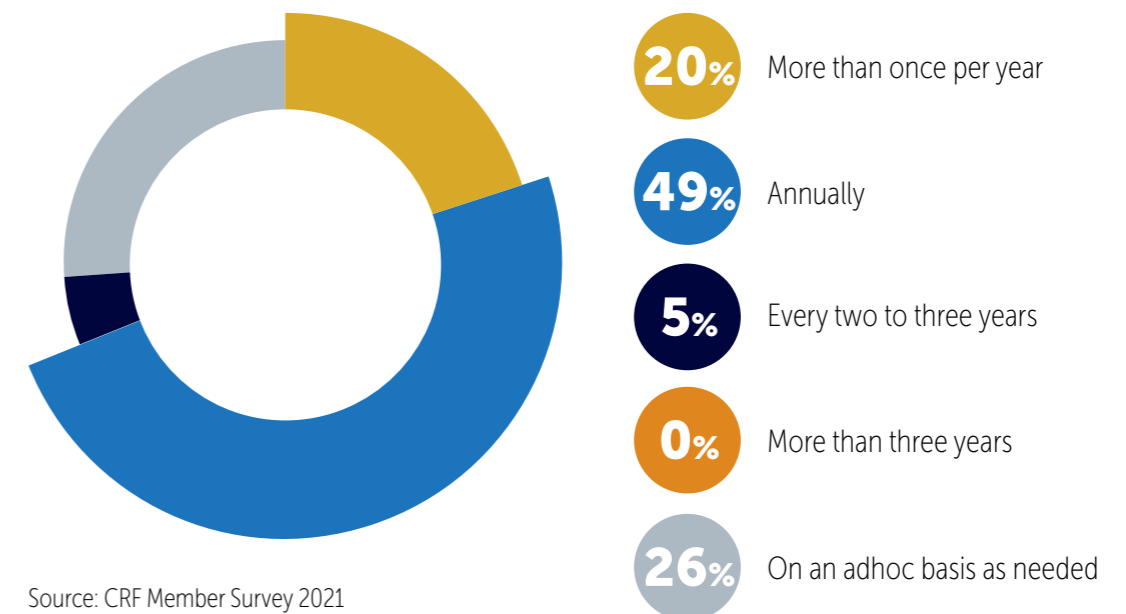
Source: CRF Member Survey 2021

In terms of how frequently organisations update their plans, we would expect that the high degree of uncertainty and pace of change faced by businesses means that plans will need to be updated regularly. This is reflected in our members' practice. Half of respondents (49%) update their plans annually, a further 20% update their plans more than once in the year. Just over a quarter (26%) do not follow a fixed cadence but update their plans as needed. Only 1 in 20 updates their plans every 2-3 years. See Figure 21 below.

Chapter 4 explores in more depth how to make SWP more agile and adaptive to changing circumstances.

FIGURE 21

How frequently do you update your strategic workforce plans?



Source: CRF Member Survey 2021

CASE NOTES: AWE

A key objective over the last two years for AWE, the company which delivers nuclear warheads for the UK's deterrent, has been to develop a long-term strategic workforce plan, looking up to two decades ahead.

Some of the drivers for this work are the need to address an ageing workforce and attract a new demographic into the business, a limited talent supply, a need to grow critical skills internally with a long time to competence, and significant changes to manufacturing processes and ways of working.

The work, led by Megan Hunt, Executive Director Human Resources, looks across three different timescales. So far the business has completed a three-year tactical view looking at immediate business risks, forward projections of production, attrition and expected demographic change, and a ten-year review which mapped supply and demand across different business scenarios. The next stage will be to conduct a similar exercise looking at least 15 years ahead. The exercise particularly focuses on identifying and tracking demand for unique skills which are difficult to fill and can only be developed in-house, and pinpointing where there are risks of single points of failure or people leaving without a plan for knowledge transfer.

Actions arising from the process have included:

- Overhauling employer branding and graduate recruitment which led to a 30% increase in applications
- Developing a UK Centre of Excellence to develop nuclear expertise both to meet AWE's needs and to address wider market demand in the civil nuclear sector
- Setting up experiments in new ways of manufacturing to mitigate the risks of overreliance on skills that are hard to develop or acquire

One of the outcomes of the process has been to develop a dashboard through which the executive committee can review progress against agreed actions and track key workforce risks. It's also opened up a dialogue about how the working practices and culture need to evolve. According to Hunt: "It's helping us have conversations about how we create a culture and working environment that's attractive to the younger demographics we need to attract."

6 DEVELOPING THE CAPABILITY FOR STRATEGIC WORKFORCE PLANNING

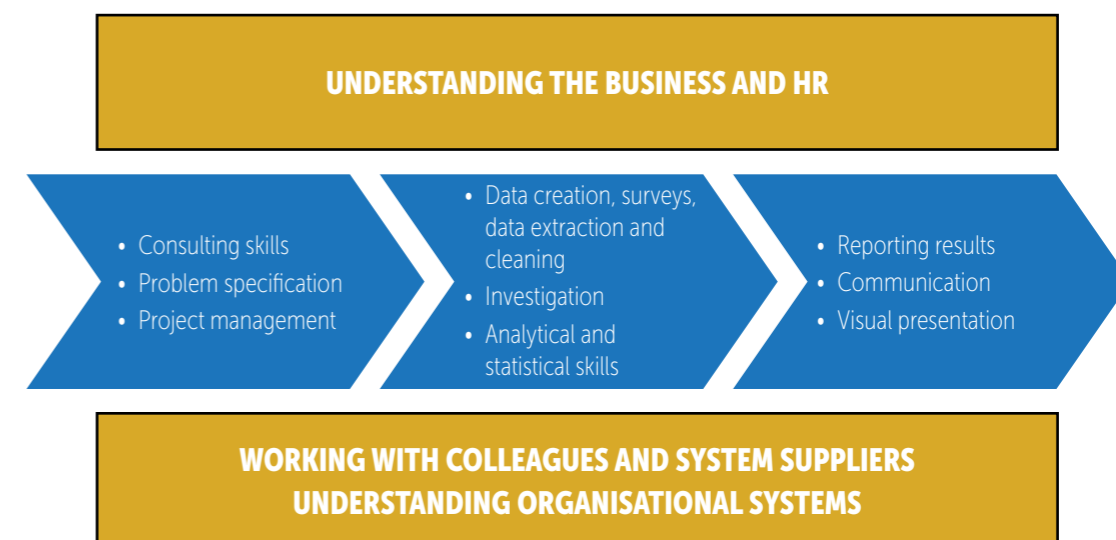
Organisations seem to find it challenging to develop and sustain the capability for Strategic Workforce Planning. This is partly because workforce planning does not always sit firmly and at the right level as a specialist role in the HR function, partly because such specialist roles are not easy to recruit into, and also because others inside and outside HR need the skills appropriate for their own involvement.

Skill needs for specialists in workforce planning

Those who are responsible for SWP both centrally and locally (e.g. HR Business Partners) need a mix of technical expertise and broader skills. These can be summarised as broad understanding of the business and of HR; a range of more specific workforce planning skills; and the ability to work with others in the business and with business systems.

FIGURE 22

Skills for Workforce Planning Specialists



Source: Hirsh 2020, [Workforce Planning](#), Good practice manual, XpertHR

“SWP is one of the more underdeveloped muscles within HR. In our HR transformation work when we look at what HR needs to deliver over the next few years – reskilling for example – having a well crafted strategic workforce plan is a key dependency.”

NATALIE JACQUEMIN, PARTNER, HR AND WORKFORCE TRANSFORMATION, MERCER

- **Business understanding** should be core for everyone in HR, but those involved in SWP often need this in greater depth. For example, if technology is changing, they need to know how, when and to what extent this will affect work design and the skill needs of staff. SWP also requires a greater focus on business risks and on the external business environment.
- **Technical knowledge and practical skills** in SWP methods. This includes estimating workforce demand and measuring productivity, analysing and projecting supply, examining uncertainty, analysing workforce flows (e.g. labour turnover and career pathways), analysing relevant labour markets, and collecting and using qualitative information (e.g. running workshops or employee attitude surveys or gathering line managers' perceptions).
- **Data extraction and manipulation** is a specific subset of the technical skills used by workforce planners. Corporate HR systems are more designed for administration than for analysis. It often takes an intimate understanding of these systems to be able to get the right information out and to manipulate it into useful form. Cost information is important too, which means working with finance systems. Senior HR professionals often delegate information extraction to more junior staff inside or outside the HR function, but then do not always understand the limitations of the data or how to ask for what they need. Those junctions between data extraction, analysis and use are often weak spots and should be given special attention when considering how to build capability for SWP.
- **Data analysis, communication and use of evidence** are broader and crucial skills. SWP is part of taking an evidence-based approach to HR and helping colleagues to do the same. Analytical ability includes the skill to identify what data will shed light on a problem or issue. This requires the curiosity to explore issues and not expect mechanical 'best practice' guidance to list all the data one might need to examine. Communicating workforce information and the results of analysis is a major challenge, as both colleagues and managers tend to glaze over if faced with too many tables or charts. Storytelling and data visualisation are also important skills.

- **Consulting and OD skills** are required as in other specialist HR roles. SWP typically covers both regular organisational processes (e.g. annual and strategic planning rounds or talent reviews) and specific workforce projects (e.g. planning for a new apprenticeship scheme or tackling skill shortages in specific workforce groups). In both these modes of working, facilitation and project and programme management skills are important including clear needs analysis, and working with relevant internal clients. Systems thinking is important in considering the wider implications of potential actions. SWP is increasingly involved in change management and workforce planners need a good working knowledge of change methods and tools.
- **Working in partnership with others** is crucial as SWP often sits at the join of several business functions. The most important of these are usually planning and finance. The audit function is becoming more crucial with business risks being regularly reviewed by audit committees. Technology and IT functions will be close to workforce change over the coming years and are also usually involved in internal information systems and with external suppliers of these systems. Some organisations are developing cross-business analytics teams with whom workforce planners work closely. SWP practitioners also need to develop good working relationships with colleagues in HR: upwards to HR leaders; sideways to other specialists (e.g. in learning and development, recruitment, talent management or reward) and outwards to HR Business Partners. The clients for SWP are often senior business leaders in divisional, unit or functional roles. They appreciate both practical help and strategic thinking from the workforce planning function.

SWP skills for managers and HR professionals

SWP specialists are generally working for clients in HR and business leadership. They also often rely on the same stakeholder groups to provide inputs into workforce plans and to make sure these are strongly aligned both with business needs and other strands of HR activity.

Managers and HR professionals at a range of levels need what we might call a workforce planning 'mindset'. Elements of this include:

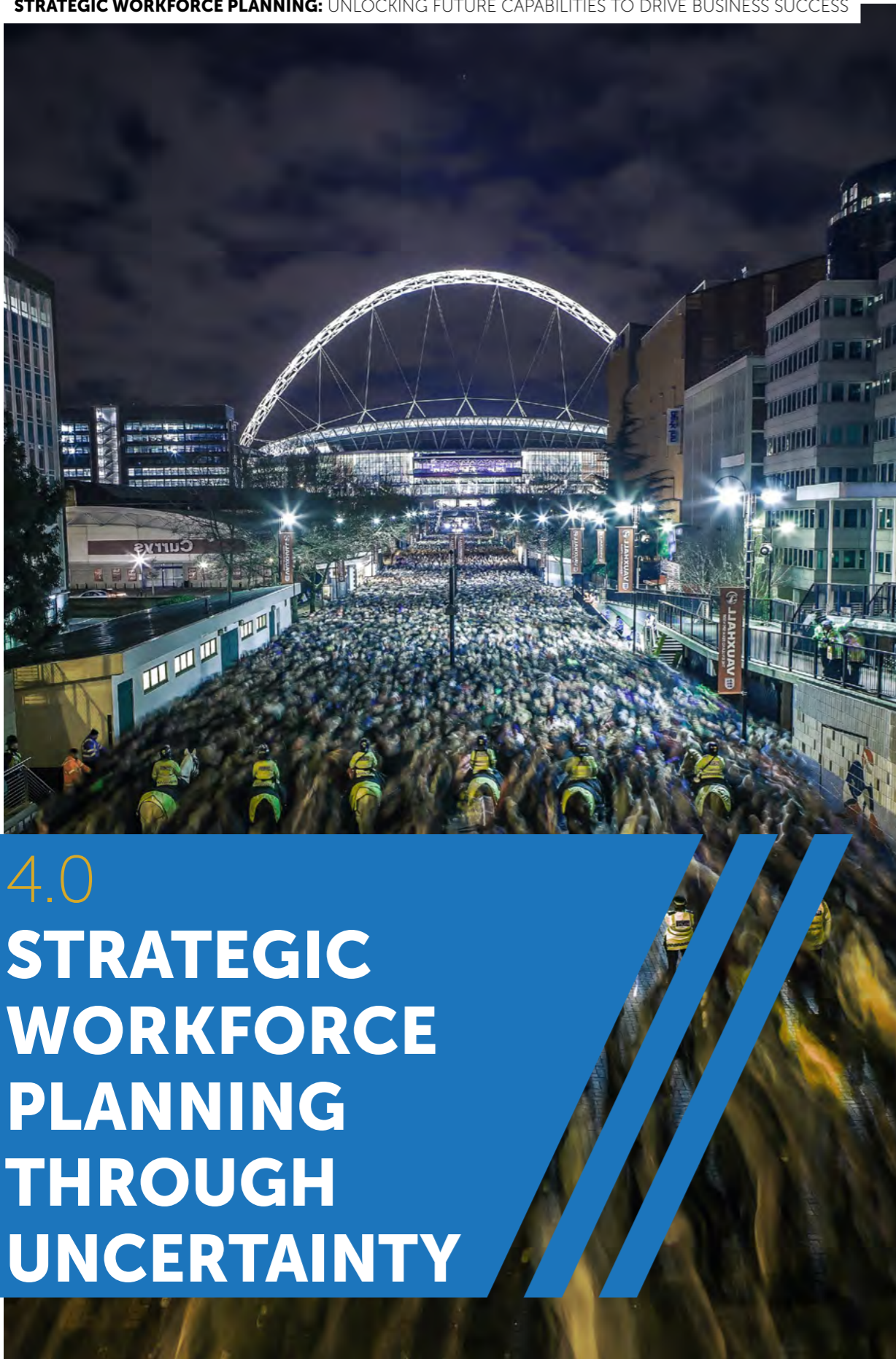
- Understanding the business-specific ways in which people can enable business performance and present risks
- Continuous awareness of how workforce demand and supply, both in terms of numbers and skills, will need to change over time
- Awareness of what is changing outside the business – economically, socially, politically – as well as inside
- Attention to how plans turn into actions and that plans themselves may need to change
- Remembering that business change affects people lives, not just numbers on a spreadsheet
- The need to base workforce decisions on facts and evidence not just their personal opinions or anecdote

“Strategic Workforce Planning is not just an action that happens, a slide deck or a spreadsheet. It needs to be a living process that continuously links HR into the business strategy. It’s a mindset as well as a process.”

KERRY NUTLEY, STRATEGY DIRECTOR, ORACLE HUMAN CAPITAL MANAGEMENT

How to develop workforce planning capability

- HR professionals coming into SWP roles for the first time need proper professional training and study, as we would expect in other specialist fields like reward, recruitment or training. They also need to establish relationships with colleagues in HR and in the business functions with which they will work most closely. Mastering internal information systems is also important. Connecting with external professional networks of people doing similar work can also help.
- Beyond such specific development, it is worth considering how both planning processes and workforce projects can incorporate on-the-job learning.
- SWP needs to start by gathering relevant information and insights from the business. This is a great opportunity to develop the skills of the HR people involved but also give business managers a much better understanding of how SWP operates and the value it can add.
- Workforce plans can easily be discussed in workshops with relevant mixes of HR colleagues and business managers. This is helpful in agreeing what plans should contain, but also can act as an opportunity for skill development. Examining and discussing the same data, reviewing possible workforce action areas, and considering measures of success are all activities which teach those involved a great deal about what SWP really needs to be about and the ways in which different players make their contributions.
- Finally, relationships with external consultants who assist in SWP can be leveraged to transfer knowledge and build internal capability.



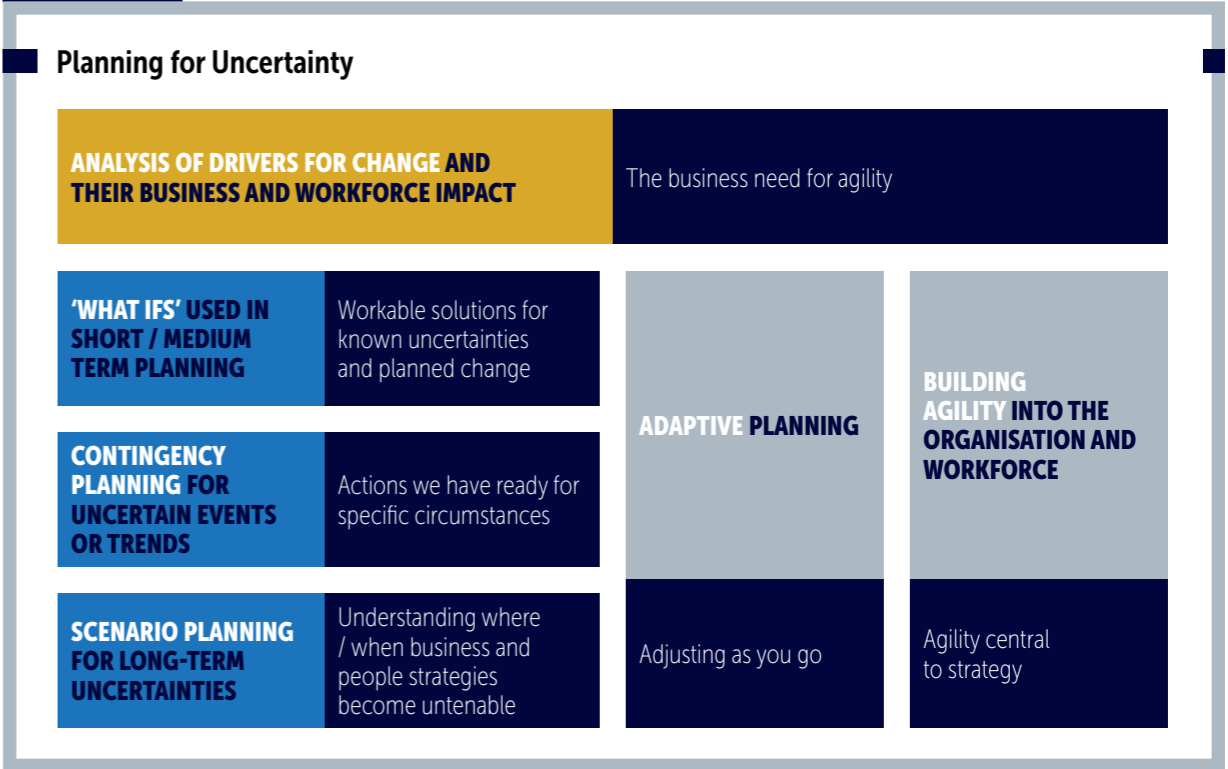
4.0 STRATEGIC WORKFORCE PLANNING THROUGH UNCERTAINTY

Uncertainty is ever present in the context in which all employing organisations operate. While this is not new, the degree of uncertainty faced by organisations has increased. For example, even before the pandemic, the IMF’s [World Uncertainty Index](#) showed that global uncertainty was at an all-time high. Recent events have made the paradox of having to plan, while dealing with future uncertainty all the more vivid for organisations. Uncertainty can come from inside the organisation, but is more significantly driven by economic, social and political factors outside our control which affect both business opportunities and the labour market.

Some organisations and HR professionals use uncertainty as a reason to avoid or delay SWP. However, workforce planning was developed by statisticians who built ideas of uncertainty and risk into its methods. These methods have continued to evolve. Some of the main approaches used to plan for uncertainty and increase organisational agility are shown in Figure 23 below.

As emphasised throughout this research, different organisations face different workforce planning challenges. The same analysis of internal and external drivers of business change which begin the process of workforce planning should also inform the kind of uncertainties the business faces and the extent and types of agility it requires. For example, some sectors, like energy, are much influenced by politics and attitudes to environmental issues. Others, like retail, always face uncertainty in consumer demand and the strategies of their competitors.

FIGURE 23



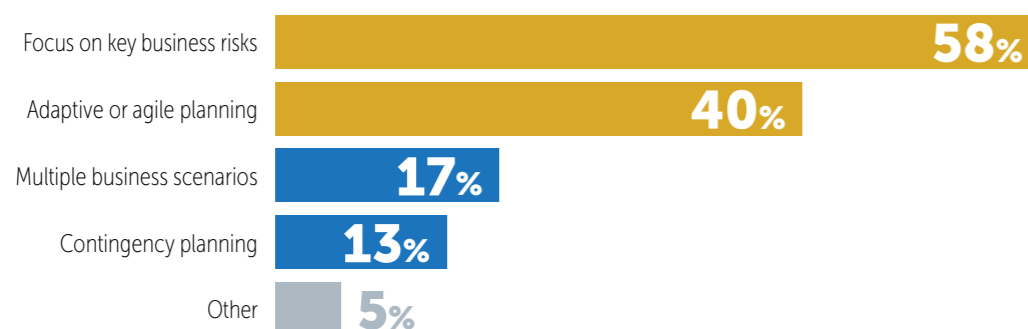
SURVEY

IMPACT OF COVID-19 ON THE PRACTICE OF SWP

Our survey explored how members account for future uncertainty in their approach to SWP. The most common approach cited is to focus on key business risks (58%), followed by adaptive or agile planning, where plans are continuously adjusted in light of changing circumstances (40%).

FIGURE 24

How does your approach to SWP account for future uncertainty? Select up to three.



Source: CRF Member Survey 2021

We also asked respondents to describe how the experience of responding to the pandemic over the past year has influenced their approach to SWP. While the pandemic made planning more difficult, it has also, in many organisations, helped advance the cause of SWP by demonstrating its value and raising its profile as a key business planning activity. Some organisations also used the pandemic to trial more agile approaches to SWP.

Comments from survey respondents around the impact of Covid-19 on SWP included:

- Increased demand for SWP and proved its usefulness.
- Highlighted the importance of 'what-if' scenarios and contingency planning to model potential responses to foreseeable but uncertain events.
- Shortened the timeframe (two years rather than five to ten) and the frequency of updating plans.
- Has led to greater adoption of technology to support the process.
- Made it harder to be specific and granular. "It's hard to predict what roles will exist in 5+ years' time, therefore the focus is more on themes and mindsets," said one respondent.
- Forecasts have become less certain: "It has thrown some key variables – headcount, turnover – into greater uncertainty, meaning that our forecasts are less concrete."
- Using the pandemic as an opportunity to rethink work design (how tasks can be combined differently into positions).
- Shifting the focus onto different ways of working and automation.
- Opening up previously untapped talent pools such as in other geographies and creating greater opportunity for distributed teams.
- Tapping into the contingent workforce, both in terms of access to talent and access to a more flexible workforce that can fluctuate in response to changes in demand.
- Building flexibility into resourcing models.

“SWP used to be a cumbersome annual or biennial process. Now, using the latest modelling tools available to us, we can change assumptions, re-model and test different scenarios in real time.”

HEAD OF STRATEGIC WORKFORCE PLANNING, CONSUMER BUSINESS

“Our use of Strategic Workforce Planning in response to the pandemic, proved its value and importance.”

RESPONDENT TO CRF MEMBER SURVEY

Building ‘what if’ questions into routine planning

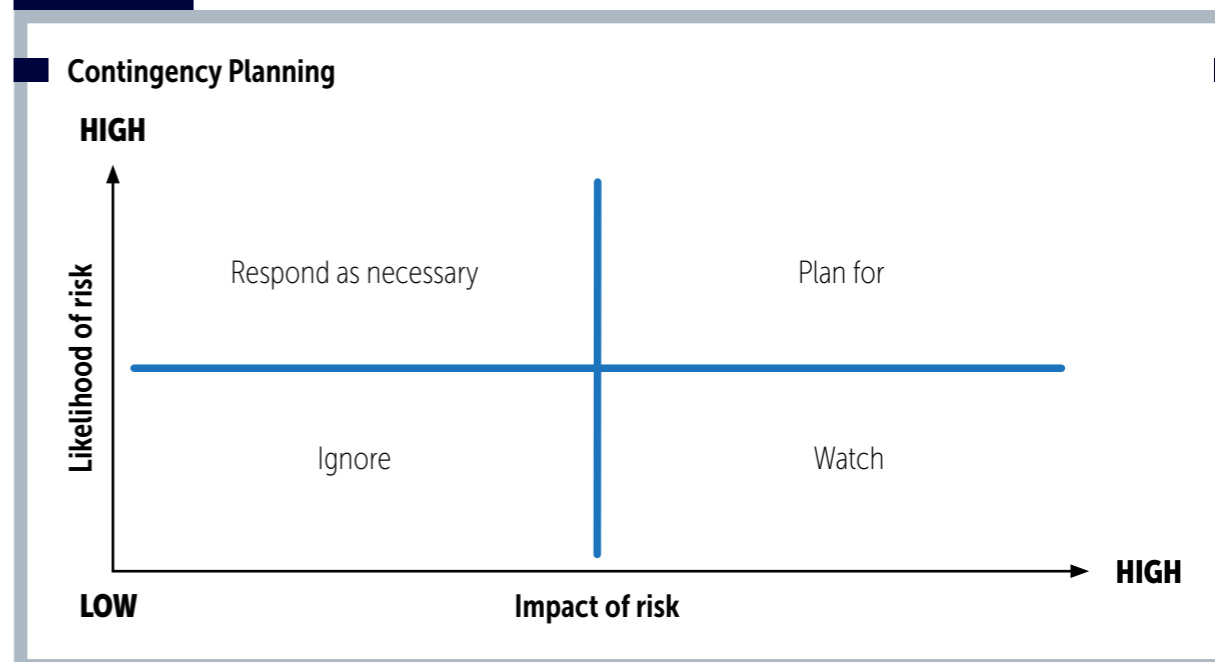
Even in operational workforce plans and budgets, it is informative to examine known uncertainties rather than just produce single projections from current figures.

A simple way of doing this is to consider the ‘what if’ uncertainties most likely to affect the workforce decisions you are examining. For example, in looking at recruitment and training activities for the year ahead, you might ask ‘what if’:

- The change in the size of the business is bigger/smaller or faster/slower than the business plan suggests?
- The labour turnover for particular groups is higher or lower than expected?
- Planned business changes, for example in technology, are slower than expected?
- The labour market makes it easier or more difficult to recruit some workforce groups?

These questions may affect workforce demand and/or supply, leading for example to a range of recruitment projections, not a single number. This approach also helps you spot the knock-on effects of uncertainty, for example where foreseeable teething issues in rolling out new equipment would make it necessary to delay workforce redeployment and re-skilling.

FIGURE 25



Contingency planning

Extending the same idea into SWP in the medium term and to uncertainties with potentially much bigger business impact, contingency planning can be applied to workforce plans as well as to business plans. It is a practical way of sifting business risks and deciding which ones to address. Figure 25 shows a simple model for considering both the likelihood of a risk occurring and its business impact.

Some risks, such as a chronic skill shortage in a critical workforce group, may have both a high likelihood of continuing and a significant impact on the business. Sitting in the top right-hand segment of the model, this risk needs to be planned for in the SWP, even if forecasts of available supply cannot be precise.

In the run up to Brexit, risks were visible both in conducting business and in moving staff across the UK/EU borders. Some organisations planned for this by setting up offices in other countries, or building bonded warehouses. Others watched the situation, as the risk for them was less critical. Some organisations cannot move the location of work – for example residential care homes employing many EU staff – but some have well developed contingency plans to start recruiting in the EU again when the pandemic and immigration rules make this possible.

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

Scenario planning

Scenario planning is not just a grander name for 'what if' or contingency planning. It applies where both the scale and impact of uncertainty is much larger and often, but not always, further ahead in time. The factors driving different business scenarios are usually uncertainties in the external environment, which may impact on major business, and/or resourcing choices. These can affect both labour demand and supply, for example:

- National and international policy and regulation on the environmental impact of business
- Future trade relations, for example the US, China and India
- Unexpected changes in the movement of workers between countries

We are just beginning to realise that the balance between people working from home and in offices may be another significant driver of workforce scenarios over the next five to ten years, as well as part of contingency planning for office space in the shorter term.

As Figure 26 shows, much of the effort in scenario planning goes into identifying scenarios which will affect the business significantly. They are usually defined by combination of factors working together, rather than by a single possible trend or event. External research and experts are often used to develop and explore relevant scenarios representing genuinely different possible futures.

For example, how do employers in food retail, hospitality and tourism understand scenarios in which eating out versus eating in are both possible longer-term trends, perhaps for different segments of the population, with impact on the demand for different workforce skills? How might these factors combine with legislative changes in the gig economy and with future supply of staff from other countries, on whom these sectors have depended?

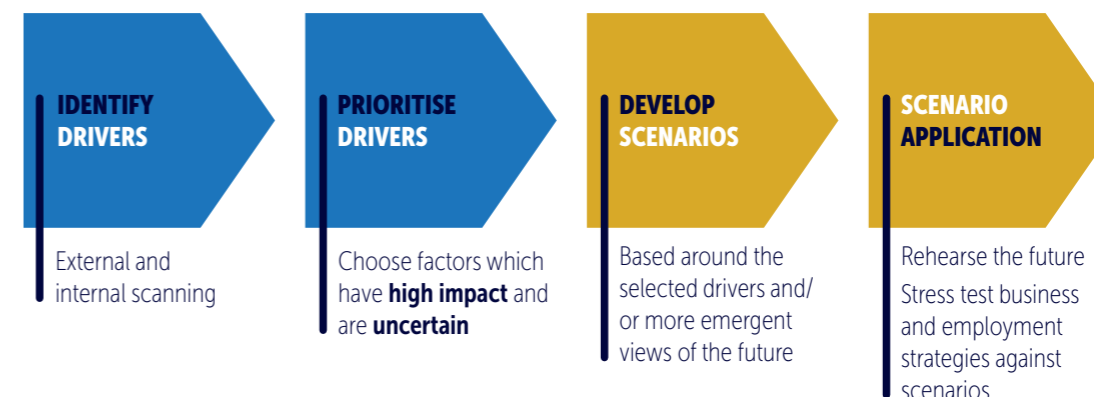
Business and HR leaders are not forced to plan for scenarios or to choose between scenarios. They rather seek to identify differences between scenarios, including in their implications for workforce demand and/or supply. Business plans, including workforce plans, can be tested against different scenarios, to establish where workforce decisions would need to diverge depending on what happens, or where organisations can begin to build flexibility into the workforce so they are able to respond quickly as the situation becomes more clear.

Adaptive planning

As interest in business agility has grown, the idea of adaptive planning has started to develop. This builds uncertainty into how decisions are made, and actions taken. Plans are still made, based on available information, but with the assumption that the changing context and the impact of current actions leads to more frequent adjustments of actions to keep the organisation moving in the right direction. It is shown in Figure 23 as cutting across planning methods on different timeframes.

FIGURE 26

Scenario Planning



Adaptive planning follows what is quite a common-sense cycle of PLAN-ACT-REVIEW-ADJUST. It combines the discipline of planning with the reality of 'feeling your way forward'. Organisations make selected changes which they can implement quickly, accepting the risk that not all will prove successful. Combined with workforce flexibility, as outlined below, the organisation can get closer to the resourcing it requires.

Adaptive planning is especially appropriate in the most uncertain circumstances. One might view the actions of the UK government and the NHS in responding to the pandemic as a vivid example of adaptive planning. The many employers making up the NHS had to respond quickly to changing needs for intensive care by both recalling retired doctors and redeploying medical staff between specialties, with rapid training in ITU skills and continuously evolving types of treatment. More recently, mass vaccination has involved many thousands of health workers and volunteers, also working in unusual places and at unusual times. Other sectors, such as retail and hospitality have had to respond just as rapidly to frequent changes in their trading situations and operating conditions during the pandemic.

Adaptive planning can help employers in managing the possible return of workers to their offices in the near future. How workforce preferences, office costs, safety regulations and the efficiency and creativity of work interact may emerge incrementally rather than being driven by top-down organisational plans.

Adaptive planning may be an overdue challenge to the established habits of developing business and workforce plans that are seldom significantly adjusted in real time.

Planning to build in agility

Organisational agility has become a fashionable goal, but it is too often laid at the door of the employee simply to become more flexible, agile, resilient and so on. From an SWP perspective, we do not have to hope that agility will increase, we can plan it into how we design and resource work.

Like adaptive planning, planning for agility cuts across the different timeframes of planning, always asking the question: “what can we do here about work or the workforce which will make the business more able to respond to uncertainty”? If we plan to build in agility, we can respond more easily to unforeseen circumstances. Figure 27 shows four well-established dimensions of flexible resourcing.

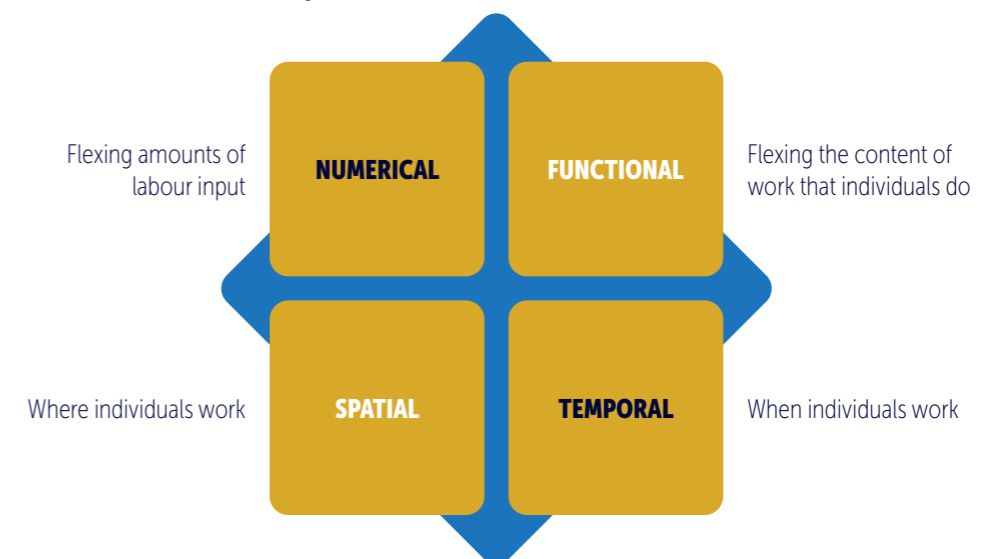
- Attention in the UK has often focused predominantly on **numerical flexibility**, embodied in employment contracts that either flex the quantity of work an individual is hired to perform (like overtime or zero hours contracts) or the duration of employment (like temporary or seasonal work). Numerical flexibility is also achieved by outsourcing or using agency staff, which passes the agility challenge to a different organisation. Numerical flexibility can work in favour of both employers and workers, especially where work patterns give employees choice. This is not always the case.
- **Functional flexibility** is achieved through work design, recruitment, training and deployment to grow multi-skilled people working across a wider range of tasks, either within a single job or by moving internally between different types of job. Achieving functional flexibility can take time. Consider for example the move towards multi-skilled maintenance engineers in manufacturing. This broke down established trades and reduced numbers of engineers, creating fewer, more highly skilled and better paid jobs. Multi-skilled workers are also better placed to absorb further technological change.
- **Temporal flexibility** concerns when work is done. Employers are still getting to grips with the trade-off between the sense of control they get from fixed hours of work with the benefits of more flexibility. Flexible working options for staff have become an important way to attract and retain key skills and to increase workforce diversity. Temporal flexibility can also be achieved by workers coming on stream around the clock in different time zones, for example on the same design project.
- **Spatial flexibility** can be about spreading work across different sites or countries but may also involve employees in some choices about where they work.

The huge unintended experiment with working from home during the pandemic seems likely to accelerate the trend towards a hybrid model, with employees working from home some of the time but not travelling to an organisational location every day.

These varied forms of flexibility can all help to plan in organisational agility but aligning these working practices with business needs requires care.

FIGURE 27

Work and Workforce Flexibility



- **Increasing change readiness in the workforce** is an important aspect of achieving flexibility, especially functional flexibility, over longer periods of time. Sustained attention to the career and skill development of key workforce groups keeps them more confident in their ability to face change. This means having managers who pay attention to the development of the individuals in their teams. Involving employees in change management keeps them in touch with changing business needs, so when they are asked to adjust it does not come as a surprise and they understand why change is being made. How to communicate the implications of the business strategy to the workforce, in terms of future demand for skills and opportunities for employees to learn, practice and be rewarded for developing new skills, needs to be carefully considered in developing the workforce plan. CRF's 2020 research report [*Talent: Careers, Development and Succession in a Changing Landscape*](#) discusses these issues in more detail.
- **Developing the ability of leaders to lead change.** Role-modelling continuous change is a requirement of leaders but does not always come naturally. Leaders may need help to develop their capacity for leading change. They may also need support to continue to pay attention to what's needed to drive and sustain change over the longer term.

STRATEGIC WORKFORCE PLANNING UNLOCKING FUTURE CAPABILITIES TO DRIVE BUSINESS SUCCESS

"We need to recognise just how difficult SWP is in practice. Operationalising a long-term view is particularly challenging when the world is moving so fast."

STEVE KELLY, VP METHOD AND CONTENT, ORGVUE

CONCLUSIONS

- ▶ Although it has become increasingly difficult to plan ahead, the Covid-19 pandemic has advanced the cause of Strategic Workforce Planning, as organisations have seen the value in being able to evaluate the feasibility of different strategic options, strengthen links between business and people strategy, and work out what's required in terms of people and organisation to implement strategic plans. We expect restructuring post-Covid to lead to even greater demand for this skill.
- ▶ SWP is a good way to develop positive organisational habits around taking a pragmatic view of what it will take to accomplish the strategy, challenging assumptions, mitigating risks, and seeking evidence to support a chosen course of action. It can provide a basis for decisions regarding deployment of the workforce and future investment in skills, technology and leadership capability. Reflecting on the big strategic questions and exploring the feasibility of different strategic options can help improve the quality of thinking around strategy. SWP is as much a mindset as a methodology or series of actions.

5.0 CONCLUSIONS AND RECOMMENDATIONS

- ▶ As well as being a key deliverable for HR, it's an opportunity for HR to demonstrate value by influencing the organisation's strategic direction. It can be a way of getting HR more involved in strategy discussions and getting closer to the increasingly important risk management function in organisations. It can also help HR increase its delivery credibility. By making sure HR is involved in determining the actions and plans it will have to execute, it increases the chance of HR successfully delivering against those.
- ▶ However, SWP is difficult to do well. It requires a clear strategic direction; a coherent methodology; deep strategic, commercial and analytical skills in HR; strong engagement by business stakeholders; and persistence to drive analysis through to action.
- ▶ SWP needs to adopt a 'future-back' orientation – starting with where the organisation is heading and identifying the steps required to reach that destination. It also needs to focus on the work to be done and the capabilities that need to be in place – not simply narrowly focusing on jobs.
- ▶ SWP needs to look both externally – understanding the changing business context and labour market – and internally – at the current state of the workforce and future needs.
- ▶ It's essential to position SWP as an integrated part of business planning, not run it as a standalone HR process.
- ▶ It's also important to build adaptability into the process of SWP: being able to test different scenarios and revisit the plan quickly as circumstances change. A heavy, slow-moving bureaucratic process is unlikely to be fit for purpose.

RECOMMENDATIONS //

- ▶ Start by focusing on the big strategic questions the organisation is facing or critical risks to future success. This is where SWP can have greatest impact on business outcomes.
- ▶ Don't expect to tackle the whole workforce at once. It can be helpful to start where the energy is – perhaps working with a supportive business unit leader or focusing on a specific job family. Pay particular attention to workforce groups that are strategically critical to business performance and difficult to resource. These often present the greatest risk to the organisation's ability to deliver its strategy.
- ▶ Start with a proof of concept and build up from there.
- ▶ Be clear about who the customer is for SWP. Engage key stakeholders early in the process to get them on-side and to understand issues in their area for which SWP may offer a solution. This might include finance, the strategy or planning function, and influential business leaders. Position SWP as a way of helping key stakeholders have an earlier view of the people implications of the business plan.
- ▶ Tie SWP in with the rhythm of business planning and the strategic planning horizons relevant to the business strategy. Consider integrating SWP with processes that are already well embedded in the organisation, such as strategic or long-term financial planning.
- ▶ Carefully consider how to label SWP, as jargon can put key stakeholders off.
- ▶ Take a future-back perspective, focusing on the critical steps that need to be taken to progress from the current situation to where the organisation needs to be.
- ▶ Clarify who's responsible for delivering SWP and make sure they have the tools and resources they need. Make sure you have at least one person in HR with in-depth understanding of workforce planning methods, confidence in generating the evidence-base for decisions, and the ability to work across silos in HR. It might be necessary to upskill HR leaders or others who are expected to run the process, in particular to help them develop a SWP mindset.

- ▶ Get your house in order with good internal workforce information, including on costs, so you can extract and manipulate data quickly.
- ▶ Look at demand and supply both in terms of numbers and the skills people will need. This means behaviours and attitudes as well as job-specific knowledge, qualifications and experience.
- ▶ Communicate the outcomes of SWP to the workforce. How can you make employees aware of future skills the organisation values? Can you signpost employees to relevant career opportunities and learning resources? Should you reward employees for developing skills that will be critical to the organisation's future success?
- ▶ Take a total workforce approach by considering not only direct employees but also contractors, 'gig' workers and opportunities for improving productivity and automation. Focus on the work that needs to be done, and skills that need to be developed, not just jobs. Ask questions such as: what's the work that needs to be done? What's the best way of getting that work done? This opens up options in terms of automation, outsourcing or engaging the contingent workforce. Include job and work design in the analysis.
- ▶ Ensure SWP links to practical action in the recruitment, development and deployment of people and, where appropriate, in areas such as work design and reward. Make sure there is a process in place for following through on actions and mitigating risks identified in the plan and keeping it up to date as circumstances change. Check that accountability for actions is clearly defined.
- ▶ Build feedback loops into the process so the plan can be regularly re-evaluated and updated. Measure and communicate progress towards goals.
- ▶ Consider how to build agility into SWP. For example, using scenario-based and adaptive planning techniques, tackling the task on a project by project basis, kicking off with a facilitated session to identify and test hypotheses and prioritise activity. Also consider how to design agility into both work design and resourcing, for example by giving employees broader work experiences to expand their skills.

"By starting small, but in important places, we can build positive messages around SWP. By involving functions like finance, we can connect into other processes and 'piggy-back' their existing credibility. By developing insights quickly, we can publicise the successes and value of the approach."

NICK KEMSLEY, CONSULTANT AND SWP EXPERT



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