

# connect people to profit

## the economic benefits of workforce planning

A research study of 400 senior decision makers in companies with more than 1,000 employees in the UK and the US, assessing the association between people planning and productivity growth.



Research produced by the Centre for Economics and Business Research [www.cebr.com](http://www.cebr.com)

### people planning for economic growth

If all companies with over 250 employees improved their people planning to match the top 50% performing organizations in the survey, this would go some way to solving the productivity problem.

#### people planning is defined as:

- Planning the deployment of your workforce to deliver strategic business goals
- Assigning the right people with the right skills to the appropriate tasks
- Determining your future workforce needs
- Identifying gaps between your current workforce and future needs
- Managing workforce costs



in the US

**3.4% to 3.9%**

increase nominal productivity growth rate in the US by 0.5%, from 3.4% to 3.9%

**\$92.2 billion**

representing an increase in US GDP of \$92.2 billion in 2019



in the UK

**2.2% to 2.9%**

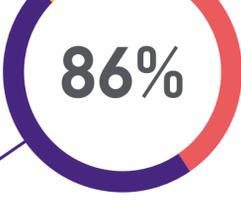
increase nominal productivity growth rate by 0.5%, from 2.2% to 2.9%

**£10.4 billion**

representing an increase in UK GDP of £10.4 billion in 2019

### productivity is high on the agenda, but investment is low

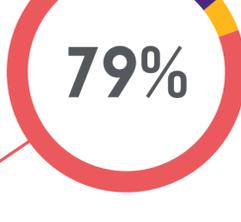
Productivity growth is crucial for organizations to remain competitive, as reflected by the high levels of concern about raising productivity. Yet the survey shows a significant under-investment in productivity improvement measures.



**86% of organizations are concerned about raising productivity**

How concerned is your business about raising its productivity? By productivity, please consider the turnover generated per worker.

- Very concerned 39%
- Slightly concerned 47%
- Not at all concerned 13%
- Don't know 1%



**79% of organizations have taken measures to improve productivity**

Over the past 12 months, has your business taken measures that aim to improve productivity?

- Yes 79%
- No 17%
- Don't know 5%

### investment is hit-and-miss

**34%** have used workforce planning and analysis to improve productivity, along with a multitude of other initiatives



Under-invested

**0.25%**

Organizations spent just 0.25% of their annual turnover on measures to improve productivity



### people planning and productivity

Productivity gains can be improved through collection and application of workforce data, which would enable better allocation of human capital, higher employee engagement, and stronger links between worker performance and worker compensation.

**2x higher**

Productivity growth rate is 2x higher for organizations with better people planning compared to those below par

**4/5**

Senior-level decision makers say people planning is a key focus for their business over the next 12 months

### productivity is measured by profits per worker

$$\text{Profits per worker} = \frac{\text{Gross annual profits}}{\text{Gross annual profits}}$$



The business case for better people planning is clear, but the ability to collect quantitative people productivity data is creating an informational deficit.

**33%**

33% of organizations spend less than £10,000 per year on workforce planning and analysis, indicating a lack of investment is hindering better people planning

**60%**

60% of organizations do not collect data on all employees' output

**85%**

85% of organizations come up against obstacles to people planning, mostly around the collection, organization and interpretation of data

### comparing people planning and productivity



US

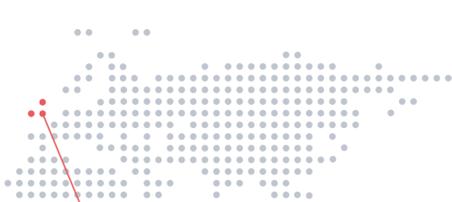
**\$1.5 million**

Spend on productivity improvement measures over 12 months

**50.3**

average score

People planning capability (score out of 100)



UK

**£1.1 million**

Spend on productivity improvement measures over 12 months

**49.7**

average score

People planning capability (score out of 100)

**22%**

Productivity gains by organizations with higher than average people planning capability

**10%**

Productivity gains by organizations with higher than average people planning capability

#### calculating people planning capability

A people planning score from 0 to 100 is assigned based on responses across seven planning indicators. A score of 1 to 5, with 5 representing the highest level, was given for each indicator:

##### frequency

How often senior decision makers take part in people planning

##### investment

how much organizations spend on people planning

##### application

How organizations use workforce data to inform decision making

##### collaboration

The degree of interaction between HR and Finance teams

##### collection of employee data

Depth and breadth of data on competencies and performance

##### focus

Level of priority on people planning

##### collection of team data

depth of team data on performance and composition of teams

##### Scores have been normalized - a score of 50 represents the average performance across the sample