

A young man with dark hair, wearing a blue and white checkered button-down shirt, is smiling and looking towards the left. The background is a blurred office environment with warm lighting.

**HUDSON RPO**

## **WORKFORCE PLANNING**

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A critical differentiator for  
today's organizations

# FOREWORD



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Two midmarket companies the same size in the same industry with competing products or services are pondering geographic expansion or entering a new market. One will succeed for a compelling reason—it has effectively planned for the business initiative, quickly mobilizing the appropriate volume of diverse skill sets to seize the opportunity.

People are a company's most important asset by far, yet many midsize businesses struggle with the concept of Workforce Planning. In these organisations Workforce Planning is ad hoc, perceived in terms of budgeting the headcount, and not integrated with strategic plans. This is less than ideal for pursuing growth and a poor way to engage and manage vital skill sets.

Every business will plan because they know they need it, but why are workforce plans overlooked and neglected? There's talk about expansion, projects and programs, but limited talk about the numbers of people required or how a business will attract and recruit them as part of the process.

Our latest report identifies that getting Workforce Planning right requires a smart balance of technology tools, scenario planning, advanced analytics and strategic insight.

Our report will guide you through the process from identifying the triggers and obstacles, to more practical help on building a commercial case for Workforce Planning. This includes how and when to implement and measure this within your organisation.

# THE COMMON OBSTACLES TO WORKFORCE PLANNING

Today's workforce composition can alter in a minute. Employees retire, are drawn away by competitors, go on maternity leave, and/or become disinterested in their work for personal reasons. The loss of just a single

salesperson can punch holes in the bottom line. A superb manager who retires can affect the esprit de corps of his or her colleagues and team.

Everyone realizes that the workforce at the end of a fiscal year will always

look different from how it looked at the outset. But, is your company prepared for the consequences of such events or their impact on planned growth?

Most are not.

## COMMON OBSTACLES TO STRATEGIC WORKFORCE PLANNING

Lack of a business case and the support to promote this within the business.

The value and purpose of Workforce Planning have not been properly articulated to senior management.

Workforce Planning does not have CEO sponsorship or business unit buy-in.

Misunderstanding of the definition of Workforce Planning, which is incorrectly perceived as informal, ad hoc, and relevant only to budgeting and headcount.

The focus is on building the business, much less so on the talent needed to execute these initiatives successfully.

HR isn't informed about a new initiative and its commercial goals, and therefore is unable to assemble the appropriate workforce to achieve the desired outcomes.

## WHY WORKFORCE PLANNING FAILS

Time is finite for any organisation. Midsize companies are focused on building the business. Consumed in this important effort, they simply expect that HR will attend to the possible need for additional people to bring the strategic agenda to fruition. Yet, HR isn't adequately informed of this agenda or the tactics that will carry it out.

Sound familiar? In such organisations, Workforce Planning isn't a priority because its value and purpose haven't been articulated, there is no executive sponsorship of its merits, and there is little if any agreement of its need across the business units and functions. Advancing the cause of Workforce Planning is complicated when so many other pressing matters absorb executive attention and resources.

This is an untenable position, however. HR must make the case for Workforce Planning, as it is vital to business success. A strategic initiative that does not take into account the volume and types of employees to bring the plan to fruition will lose momentum, cost more than expected, and possibly fail to achieve the intent.

# THE BUSINESS CASE FOR WORKFORCE PLANNING

No one should think Workforce Planning is easy. If it were, everyone would do it. Most midsize organisations are aware of it and agree it is important, but they are overwhelmed at the prospect of actually undertaking it. They're accustomed to recruiting on an ad hoc basis—filling a vacant position or hiring a volume of people when the need arises. There is nothing wrong with this process, as long as the availability of talent far outstrips the demand. This is not, however, always the case.

## TYPICAL INDICATORS THAT IT'S TIME TO IMPLEMENT STRATEGIC WORKFORCE PLANNING



Change is difficult for all organisations, particularly midsize companies that are perfectly happy with current planning processes. Business leaders see little need for HR to adapt their strategy sessions. And HR may not feel equipped to ask the right questions regarding the new initiative.

However HR is attuned to 12 to 18 month workforce forecasts, rather

than strategic three to five year operational hiring needs and challenges. Additionally, collecting and analysing rows of line-item spreadsheets in different formats to project the future workforce may appear daunting.

HR often sees Workforce Planning as an impossible exercise. As one talent acquisition professional commented, "So I have to plan for every single role

here for... forever?" Consequently, most midsize companies stick with the status quo. This will put many at a disadvantage, since those that do make the effort to align Workforce Planning with strategic planning will undoubtedly achieve competitive differentiation.

# TOO BENEFICIAL TO IGNORE

No midsize company should tolerate the business impact of poor Workforce Planning. The return on investment is substantial: a skilled workforce aligned in a shared mission to grow the business. By recognizing which skill sets are needed to move the organisation forward, and rapidly placing them where they're needed, the organisation is fully armed to carry out the planned initiative.

Companies can also expect substantial improvements in employee engagement and retention efforts. The awareness that a planning process exists to identify internal people for positions before reaching out externally will engage and energize current employees. When external talent must be secured, the organisation will have a more compelling narrative to recruit the

best of the best. This value proposition also helps build a more robust talent pipeline.

Overall recruitment costs can be expected to decline, as there will be less need to engage employment agencies. And by having a clearer sense of overall costs before the recruitment process commences, budgeting can be more precise.

## THE BENEFITS OF WORKFORCE PLANNING

### EFFICIENCY

Proactive planning and pipelining of talent aligned to business needs

Improved process, efficiency, and speed to hire

### COST

Greater accuracy and control of recruitment budget

Reduction of recruitment spend and greater ROI

### QUALITY

Enhanced quality of hire

Greater employee engagement and retention

### STRATEGY

The right people in the right roles

Uniquely positioned to execute business strategy

# ALIGN WORKFORCE PLANNING WITH STRATEGIC PLANNING

Improved process efficiency can also be expected. Leveraging technology to obtain a more holistic view of current and future attrition, HR can quickly determine talent gaps. This enhanced visibility can assist the development of a scalable workforce in specific, skills-driven roles in different types of workers, such as temporary,

permanent, contract, contingent, outsourced, or through a partnership or acquisition.

These are bounteous benefits. Nevertheless, a strong resolve is needed to align Workforce Planning with strategic planning. Most important is ensuring the right technologies and

processes are in place to ascertain current skill sets against future needs.

Workforce Planning is data-driven, integrated with other planning processes, and repeatedly measured for overall effectiveness. To achieve this, HR requires clear visibility into total recruitment.

## 5 STEPS TO BUILDING A COMMERCIAL CASE FOR WORKFORCE PLANNING

### STEP 1

Select a handful of roles for which you can measure the value of 30 days of revenue-generating work. These will likely be sales roles.

### STEP 2

The value of the 30 days is what you will “earn” by filling that role 30 days faster.

### STEP 3

Determine how many of these roles you fill per year.

### STEP 4

Multiply that number by the 30 days’ value to demonstrate the hard savings of decreasing time-to-fill by 30 days.

### STEP 5

Explain that a proper Workforce Plan will allow you to build a talent pipeline in advance or undertake other activities that will cut down time-to-fill... while last-minute notice on vacancies will not.

# PUTTING WORKFORCE PLANNING TO WORK

For Workforce Planning to achieve its purpose, HR either needs to have a seat at the strategy table or be apprised of important business initiatives at their inception. Executive leadership knows where it wants to grow the business; HR must be perceived as a chief ally in carrying this out.

What does this require? Obviously, it relies on CEO sponsorship of Workforce Planning, based on the clear acknowledgment that people are the organisation's key assets and essential to business success. The CEO's backing assures the attention and support of business unit leaders, in addition to the allocation of resources needed to develop a Workforce Planning process. Once in place, the onus is on HR to understand and interpret the business strategy. In collaboration with business unit leaders, HR must pull together the optimal workforce to achieve the desired outcomes.

The goal is to align long-term workforce needs with long-term strategic goals. Senior business leaders typically develop five-year strategic plans; HR needs to forecast workforce demands against this projection, identify challenges and ensure that needs are met. Since strategic plans are not static, this process must be dynamic. The evaluation of skill sets in relation to growth initiatives must be continuous.

## PITFALLS TO AVOID

<b>LACK OF COMMITMENT</b>	This is not a short-term exercise. It's important to secure the appropriate commitment from the CEO, the business line leaders, and the Workforce Planning team.
<b>GOING TOO JUNIOR</b>	You won't reach the desired outcome if the Workforce Planning team consists of junior people. Senior leaders must drive the initiative forward and flag changes in business strategy to alert HR of possible workforce consequences.
<b>IT'S AN "HR PROBLEM"</b>	HR often spearheads Workforce Planning and is a key player, but the business must own the process since it is tied to business strategy.
<b>ALL OR NOTHING</b>	If you try to do too much at once, the process will become overwhelming and the team will give up. Start with manageable chunks and grow from there.
<b>OBSESSING OVER STATS</b>	We've seen teams take one year to pull together stats. The data is not the end game; use what you have. Sometimes it's a best guess, but don't let the data derail the project.
<b>REACTIVE RECRUITMENT</b>	One major advantage of Workforce Planning is that the company moves out of reactive mode. If the recruitment team is still only reactive, something is broken.
<b>EXTERNAL-ONLY RECRUITMENT FOCUS</b>	Don't forget the wealth of internal skill sets already in the company. Include internal employees in the recruitment plan.
<b>NO TRAINING BUDGET</b>	Part of Workforce Planning involves identifying internal talent you can move into key roles with some basic training. If no training budget exists, then you cannot leverage this internal talent.

# HOW TO MOVE FORWARD WITH WORKFORCE PLANNING

While HR must spearhead Workforce Planning, the business must own this transformative process, given the direct impact to the bottom line. Once the CEO has championed the rationale, a team based implementation approach is advisable. Teams should include representatives from executive leadership, HR, talent acquisition, finance and IT.

Why finance and IT? Because finance can assist a keener understanding of tax, accounting and other regulatory issues pertaining to different types of labor, while IT can pull together the data needed to assess internal attrition rates, time-to-fill statistics, the percentage of positions that remain open beyond a certain threshold, and other insightful workforce analytics guiding more informed decisions. At the same time, IT can be called on to undertake similar analyses of the external talent market in different geographic regions.



## TYPICAL COMPONENTS OF WORKFORCE PLANNING

- 1 CREATE WORKFORCE PLANNING TEAM CONSISTING OF KEY STAKEHOLDERS ACROSS THE BUSINESS
- 2 WORK WITH BUSINESS LEADERS ON COMPANY STRATEGY AND GROWTH NEEDS
- 3 RESEARCH INTERNAL LABOR MARKET
- 4 ASSESS EXISTING SUPPLY AND PLANNED DEMAND RESOURCE POOL
- 5 IDENTIFY FUTURE SKILLS/DEMANDS NEEDS AND GAPS
- 6 MODEL THE WORKFORCE AGAINST THE BUSINESS OBJECTIVE
- 7 DEFINE WORKFORCE REQUIREMENTS
- 8 DEVELOP RESOURCING STRATEGY
- 9 DEVELOP RESOURCING PLAN
- 10 IMPLEMENT AND MEASURE



# SETTING OBJECTIVES AND PROJECT MANAGEMENT SKILLS

HR can provide data on which positions stay open longer than others and why this is the case, who may be expected to retire over the next five years, which people internally are prepared to step in, and who may require additional training to perform in these capacities. The goal is to model the future workforce against the proposed business initiative to determine what is needed talent-wise, which feeds the resourcing plan to fill in the gaps. If positions cannot be filled internally through succession management, training programs or the talent pipeline, HR can reach out to external recruitment sources for help.

This approach requires traditional project management skills like the setting of objectives, assumptions, and deliverables that are reviewed and challenged at specific milestones. It also insists on the use of sophisticated technology tools to aggregate the data needed for analysis, such as time-to-fill rates, costs-per-hire, worker age rates, and other data sets critical to making informed, assured decisions.

# WORKFORCE PLANNING EXECUTION GUIDE



## TYPES OF WORKFORCE PLANS

1

**STRATEGIC WORKFORCE PLAN:**  
aligns with the  
3-5 year business plan

2

**OPERATIONAL PLAN:**  
aligns with the  
12-18 month recruitment forecast



## WHO

Once CEO sponsorship is secured, focus on building the Workforce Planning team. The team depends on the size of the business, but ideally it consists of:

- HR Director (who also has a seat at the Board or executive leadership level)
- HR Strategy point person
- Talent Acquisition professional
- Senior executive representing the overall business
- IT Director or Chief Digital Officer to access the required data
- Finance Director for input into tax incentives for operating in particular markets

The HRD can spearhead the team, but all stakeholders must feel ownership for the plan. The stakeholders must be senior-level enough to ensure the team is informed quickly of business strategy changes. The project teams for implementation must be accountable to the heads of the business lines and head of HR.

During this process, HR provides a critical central view. For example, one segment of the business may be downsizing while another needs to hire. HR can connect these groups to avoid redundancy costs by redeploying people to the open roles (as appropriate).



## WHEN

Workforce Planning is best done in conjunction with business planning and budgeting so that it informs the business planning exercise. This allows HR leaders to challenge timeframes and business assumptions made in the plan based on their knowledge of talent availability and timeframes for hiring new talent. It also ensures that proper funds are allocated to recruitment and training.

If you are just getting started and it's outside of the business planning cycle, then it is better to begin than do nothing. However, the objective should be to eventually align Workforce Planning with business planning.

## WHAT TO DO

Again this depends on the particular business situation.

# SCENARIO ONE

If you are introducing Workforce Planning and it isn't mapped to a particular expansion project, begin by focusing on something manageable, such as all of your director levels for example, to get people engaged and demonstrate value before taking on larger pieces. Engage with the business leaders by presenting a strong business case alongside their one- to five-year plans and forecast against that.

# SCENARIO TWO

If the Workforce Plan is mapped to a particular strategic expansion project, begin with the talent needs for that project.

## HUDSON RPO CAN HELP

Hudson RPO has tools, processes, and templates that can help you engage with your business leaders.



# WORKFORCE PLANNING EXECUTION GUIDE

## STEP ONE

Regardless of the scenario, begin with a robust analysis of current internal capabilities by doing a talent inventory:

- Identify the available skills within your organisation. What are the skills we have in house? Check performance reviews and current job descriptions.
- Are we able to move people around if needed? Are your resources flexible to relocate?
- Do you have a current succession planning process? If so, is it adequate?
- With the right training and development, can the current workforce fulfill future skills needs?
- What are the costs of relocating talent?

Based on this information, evaluate if you need to supplement the workforce through hiring, or manage attrition to meet the requirement.

## HUDSON RPO CAN HELP



Hudson RPO has the ability to work with you to identify, develop, and track these important features.

## STEP TWO

Once you have determined any internal gaps in talent needs, conduct an external analysis of the talent marketplace in the desired geography to understand the availability and cost of acquiring talent. Conducting an internal analysis you will identify your skills gaps. Conducting an external analysis will allow you to identify how you might fill those gaps, and at what cost.

Partnering with Hudson RPO can allow you to acquire the talent needed and/or continue to develop the talent you have in-house to overcome talent gaps.

## STEP THREE

Conduct a cost benefit analysis, which is instrumental in identifying the most effective method to obtain or train the necessary talent.

Hudson RPO is able to assist in this through our talent management or talent acquisition service offerings, which can support your cost-benefit analysis.

## STEP FOUR

Focus on the action plan to get from point A to point B. This will consist of developing training plans, retention management programs, succession management, and the talent acquisition plan.

Through our excellent track record of working alongside teams, we can support you in developing and executing your tactical plans.

## STEP FIVE

Develop an implementation plan. Establish the objectives and required participants, map out the milestones, deliverables and timeframes, and begin the work. Be sure to create a process for evaluating the plan's effectiveness along the way.

We can help you identify who your key stakeholders are and how to tactically implement your plan. We'll support you to challenge assumptions as you proceed, but be ready to make adjustments if the underlying variable

# SUPPORTING DATA REQUIREMENTS

- Number of permanent employees, location, role type, salaries
- Number of contractors, location, roles, pay rate
- Prior work history information to identify additional skill sets. Some companies require employees to register within the HRIS so that HR may search for skill sets when needed. Without an HRIS, it may be challenging to obtain this information. For midsize companies this is a bonus, but for companies with more than 50,000 this is critical for Workforce Planning.

# DATA FOR CONTINUOUS IMPROVEMENT

As a general rule, here are the key statistics to benchmark as you execute the Workforce Plan:

- Retention statistics (identify areas with turnover issues)
- Time-to-fill statistics
- Cost-per-hire
- Percentage of positions open and for how long
- Any predictive analytics about who is at risk

# ONGOING EVALUATION

HR should review the Workforce Plan every three months, and meet with the formal Workforce Planning team every six months to keep them engaged in the process. Naturally, the Workforce Planning team would meet to respond to any major market changes or shifts in the business plan.

Continuously evaluate the outcomes. Are roles being filled faster? Is retention improving? Are we achieving the expected results? Are we getting the necessary cooperation from the field?

If you would like to find out more, please **visit**  
**[am.hudsonrpo.com/contact](http://am.hudsonrpo.com/contact)**

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