




An SRG Report

A low-angle, upward-looking photograph of a modern building with a glass and metal facade. The building's structure is composed of many vertical and horizontal lines, creating a complex geometric pattern. The sky is visible in the background, and the building's interior lights are visible through the glass panels. A large red chevron graphic is overlaid on the right side of the image.

A Guide to Strategic Workforce Planning

- Translate your business strategy into your workforce strategy



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A guide to strategic workforce planning for STEM organisations

According to SRG's latest Pulse Survey, 46% of HR leaders in STEM say their company has had to change its recruitment strategy in response to COVID-19. With the pandemic upending entrenched working patterns and workforce arrangements, businesses need to think both short-term and long-term around issues such as headcount and closing the skills gap. With the skills gap increasing and business confidence remaining low, creating a robust strategic workforce plan is a must for any STEM organisation.

What is working planning?

While most HR leaders have a vague understanding of what workforce planning entails, a flurry of online definitions only serves to complicate matters somewhat.

According to CIPD, working planning is:

“A core process of human resource management that is shaped by the organisational strategy and ensures the right number of people with the right skills, in the right place at the right time to deliver short- and long-term organisational objectives.”

Meanwhile, **Society for Human Resource Management SHRM** defines a workforce plan as:

“An ongoing process to identify the workforce needs for the future. Identification of the gap between demand and supply for staff — workforce numbers, job roles and skills — and the resultant degree of business risk. A critical part of corporate planning and a driver for high-impact HR strategy. A PLAN to inform business decision-making (action and accountability.)”

The common thread? That a workforce plan *anticipates your workforce needs*. By outlining your organisation's current and forecasted talent demands, workforce planning helps you to identify which workforce-related actions need to be taken to boost performance and reach business goals.

Unlike operational workforce planning, which focuses on shorter hiring timeframes (usually between one and twelve months), **strategic workforce planning** has a typical forecast of up to five years.

The objectives of workforce planning

With COVID-19 disrupting global supply chains and causing mass layoffs in various industries, the STEM sector has had to respond in a swift and agile manner. Amid all this uncertainty, planning for a range of future possibilities has never been more integral to business survival.

Aside from preparing organisations to adequately respond to future black swan events and reorganise their workforces appropriately, strategic workforce planning also enables organisations to operate at capacity and scale sustainably. Even in less testing times, planning your workforce is pivotal for business growth.

Of course, the primary goal of workforce planning hinges on variables such as company size, location, and sector. A small spin-off biotech company of thirty employees, for example, may want to double its workforce within a year. Meanwhile, a multinational FMCG may want to overhaul its recruitment practices and boost efficiency by taking contract workers in-house. Workforce planning, ultimately, is tied to the overall business strategy.

Broadly speaking, some objectives of a workforce planning strategy can include:

- Identifying skills gaps in the workforce
- Predicting future talent demands
- Aligning and integrating people strategies with organisational strategies
- Making sure the demand for key attributes (such as people numbers, skills, knowledge, attitudes and values) are sufficiently met by supply
- Ensuring the business has the right people, in the right place, at the right time, with the right skills
- Ensuring leadership recognises its people for what they really are: the most valuable resource underpinning the strategic direction and performance of the company

Ultimately, workforce planning is an ongoing balancing act. Businesses need to balance the demand for labour with the available supply of labour and workforce planning provides ongoing oversight of these fluctuating metrics.

By having this oversight, workforce planning enables managers and key stakeholders to take strategic action in addressing labour shortages and/or surpluses — helping businesses build engaged, productive workforces.

Why workforce planning needs to be strategic

As we've already seen, building a workforce plan is a must for STEM businesses looking to attract and retain the best talent.

That said, a workforce plan is not a silver bullet. Without ample preparation, support, and research — in other words, *strategy* — there are several obstacles that can cause even a well-thought-out workforce plan to flounder.

Before we get into the nitty-gritty of how to build a robust and resilient plan, here are some things to look out for in the discovery stage of the process, as well as some strategy-led solutions to these problems.

7 common blockers to look out for when devising your workforce plan...

- ✗ Lack of strategic buy-in or support from leadership
- ✗ Siloed or fragmented planning processes, resulting in breakdown or duplication
- ✗ Failure to communicate plans internally
- ✗ Poor articulation of the business case and headcount goals
- ✗ Fragmented data systems and lack of the necessary tools/resources
- ✗ Key decisions being made without data insights
- ✗ Short-term thinking

...and how to overcome them

- ✓ Involve leadership from the outset and align closely with business strategy
- ✓ Establish roles and responsibilities early on
- ✓ Communicate plans and mission statement to key stakeholders
- ✓ Include data visualisation and costings in your business case
- ✓ Utilise technology
- ✓ Make data-driven decisions
- ✓ Prepare for long-term future growth

At this point, you're probably thinking, *"that's great, but how do I weave these solutions into an actionable strategy that achieves results?"*

And that's a good question to ask. Below, we'll talk you through the steps of a robust strategic workforce plan.

How to build a workforce plan: a step-by-step guide

Any robust people strategy outlines the number of people needed to deliver on the core business strategy. Strategic workforce planning is how the business goes about achieving this talent aim.

From initiation to implementation, we've split the workforce planning process into four main steps:



Let's take a look at these stages in more detail.

Step 1: Current state assessment >

The first critical step of the planning process is to conduct an audit that assesses the current state of your workforce and internal talent supply. This involves asking key questions such as:

- Who do we currently have?
- What are the critical roles?
- What are the critical skills?
- What is the strategic importance of each position?
- Which employees want to progress internally or change position?

This stage goes beyond mere headcount planning. It's about understanding who's in place at the moment, where they are heading and how they are developing. Defining this upfront will help you plan better down the line.

Gathering market data to complement the analysis of your own workforce can also strengthen the early stage of your plan. Helpful metrics to measure include:

- Social, economic and technological trends in your sector
- Local employment rates in your key geographies
- The demographic makeup of your sector
- Any legislative changes that affect your industry, your hiring ability or what kind of benefits you can offer your employees

Tip: When conducting a current state assessment, be thorough. This initial analysis will form the foundation of your workplace plan — the more internal and external data you collect, the more watertight your forecasting and strategising will be.

Step 2: Future state analysis >

Once you've adequately assessed the current state of your workforce, step 3 is to capture basic supply and demand information to visualise your future workforce. In other words, which skills will you need and how will you acquire these skills?

Begin with *demand*. This covers metrics such as your staff turnover rate, the number of employees planning to leave (include fixed-term contractors) the business and the number of employees planning to retire.

At this stage, engaging with senior management is critical (for best outreach practices, check out our [Guide to Stakeholder Engagement](#)). By acquiring the input of leadership and reviewing the short- and long-term business strategy, you'll be able to ascertain how appropriately staffed you are to meet organisational goals.

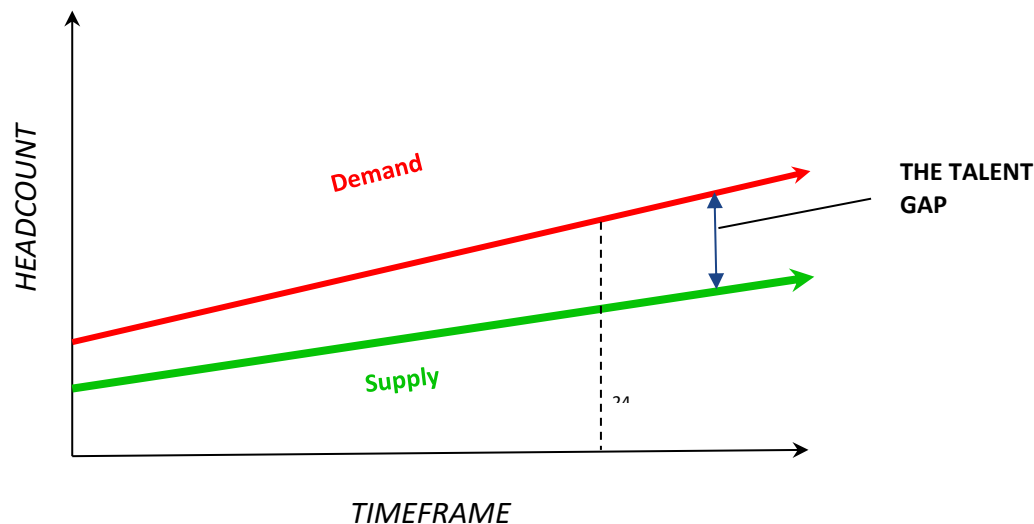
Next, you need to determine your company's ability to anticipate these staffing demands by looking at your internal and external employee *supply*.

Within your business, this involves identifying which employees can be promoted, locating open positions that cannot be filled internally, and evaluating requirements (such as cost) for upskilling or L&D training.

Externally, you should build on your market research in the previous stage and assess the availability of suitable candidates for any open positions that cannot be filled by current staff.

Tip: An easy way to visualise the relationship between supply and demand is to plot them on a graph.

In the example below, the organisation is growing its headcount in response to rising demand for people. After 24 months, however, the headcount supply has failed to maintain the necessary momentum needed to *meet* demand.



How to interpret this data entirely depends on your core business strategy. In some instances, for example, supply may exceed demand — meaning a headcount reduction may have to take place.

In any case, the size and makeup of your talent gap will directly inform the next stage of the process: the gap analysis.

Step 3: Strategy formulation >

After an in-depth audit of the workforce has located the talent gap in your organisation, you'll need to devise your strategy. To build a watertight strategy that boosts efficiency and legislates for all possible future outcomes, you'll need to conduct specific analyses before deciding on which metrics to measure.

3.1 Conduct a gap analysis

The first of the analyses, **the gap analysis**, should consist of four stages:

1. **Identify the problem** in relation to business strategy and articulate this in a single statement. An example might be: "there is a shortfall in the supply of IT talent needed to deliver on our business objective of digital transformation."
2. **Pinpoint specific gaps across the business.** If you have skills gaps or talent shortages, do they exist within certain departments or levels of

seniority? Are there shortcomings in certain geographies? Segmenting your talent demands will enable a more focused strategy.

3. **Outline the strategies you'll use to close the gap.** Typical strategies include *adjusting headcount* (creating new positions, optimising job descriptions etc,) *professional development* (providing upskilling opportunities for employees) and *restructuring* (creating a new team, promoting employees to managerial roles, etc.)
4. **Develop a timetable for filling open and anticipated positions.** Be realistic with your timescale. Workforce planning is an ongoing endeavor - so allocate enough time for finalising job descriptions and recruitment marketing campaigns.

3.2 Conduct a scenario analysis

Scenario planning is when businesses analyse a wide range of plausible future scenarios in a bid to reduce decision-making errors, as well as to eliminate underprediction and overprediction. In other words, it involves making future assumptions to better identify any pitfalls in your strategy.

Let's take three example scenarios:

Scenario 1: Your business goes on to achieve its headcount target.

Scenario 2: Your business exceeds its headcount target by 20%.

Scenario 3: The labour market fails to supply enough people with the right skills and your business fails to meet its organisational talent objectives.

By mapping out these uncertainties, you'll be better placed to predict the implications of each scenario — which will inform the option you take in response.

These options may include:

- Sustaining a flexible, blended workforce with different kinds of contracts
- Consolidating roles to focus on key skills and reduce overheads
- Enlisting the help of a specialist recruiter or managed service provider (MSP)

For each scenario that you map out, deciding on which option to take in advance will give you the confidence to face challenging roadblocks as well as the toolset to sufficiently prepare for and respond to them.

Tip: Given the number of potential future possibilities are limitless, trying to craft a response to every single scenario is futile.

To focus your efforts, start off by ascertaining which options you'll take for two scenarios: the best-case scenario for your project and its worst-case scenario. Doing so will provide some useful parameters and dictate how you respond to other, less impactful scenarios.

3.3 Decide on KPIs

You've identified the problem, analysed the gaps in your business and outlined the strategies you'll use to close them. Now, you'll need to determine which metrics or KPIs will form the basis for your plan.

Of course, your KPIs will depend on your earlier analyses and your business strategy. Here are twelve metrics that will provide guidance and oversight on the effectiveness of your plan:

1. **Headcount.** This is by far the easiest metric to measure: how many people are employed by your business? Break this down by department and/or team for extra insight.
2. **Attrition.** One of the most vital metrics for workforce planning, attrition tells you how robust your workforce is. If your attrition rate is high, then simply hiring more people is unlikely to solve the problem.
3. **Quality of hire.** How long are new recruits sticking around? Gaining a full view of this and understanding previous mistakes will help you improve your hiring.
4. **Retention rate.** People stay at healthy organisations. People flee unhealthy ones. It's not rocket science. However, understanding the history of your company's retention rate will help you better allocate resources to recruitment.
5. **Time-to-hire.** Another vital measurement, this will tell you how effective your recruitment strategy is.

6. **Bench strength.** Measuring this will help better understand internal mobility and whether gaps can be filled by promoting existing employees.
7. **Career path ratio.** This metric calculates internal mobility at your business by dividing the total number of promotions by the sum of all role changes.
8. **Training ratio.** By tallying up the number of employees who are fully trained versus those who are not, you'll be able to more effectively allocate resources to employee upskilling
9. **Diversity ratio.** How diverse is your company in terms of opinion, race, ethnicity, gender, sexual orientation, and disability? With diversity being integral to organisational health, you need to make sure your strategy is geared towards embracing diversity.
10. **Tenure distribution.** How is tenure distributed across your business? Are mid-level employees sticking around, but senior leadership are upping sticks? This insight will help you fine-tune your recruitment strategy.
11. **Voluntary vs. involuntary turnover.** In other words, who wants to leave your business, vs. who you are going to let go. If voluntary turnover is high, you have a culture issue. If involuntary turnover is high, you're hiring the wrong people.
12. **eNPS (employee Net Promoter Score).** This score measures employee happiness at your organisation and tracking it is pivotal for effective employee engagement.

Step 4: Execution and adjustments >

Once you've outlined your strategy and determined the timescales involved, the next step is to roll out your workforce plan.

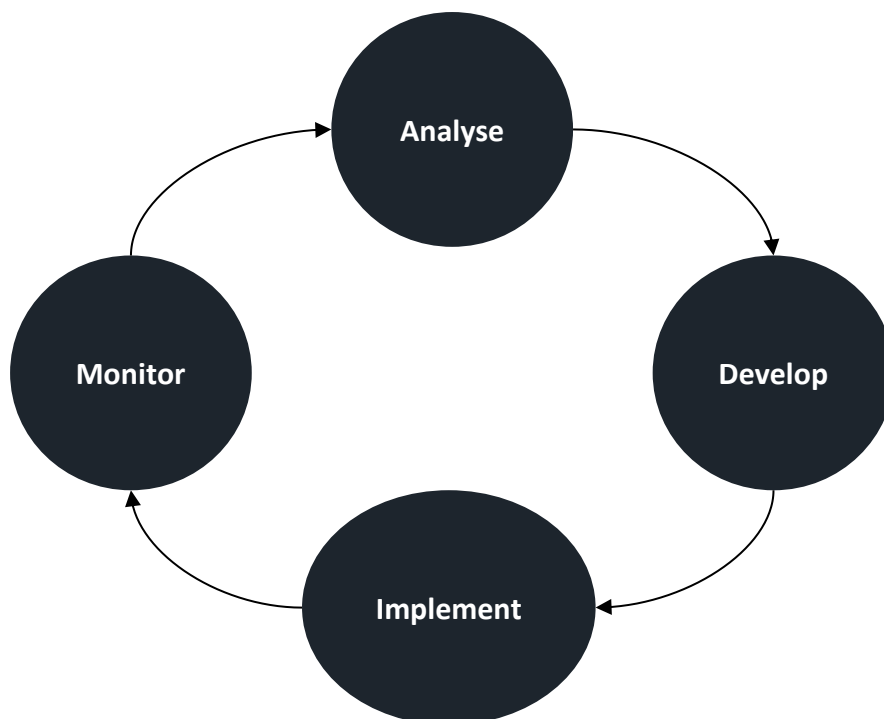
The execution of the plan does not represent the final step, however. With businesses needing to take an agile approach to talent, the implementation of the



plan will be an ongoing process of measuring, monitoring, and making appropriate adjustments when necessary.

Here's what the workforce planning cycle should look like once your initial plan has been implemented.

Workforce Planning Cycle



After launching the project, there will come a point when tangible results appear (**Monitor**). Once you have gathered enough relevant data, the next phase of the cycle is to examine this data and compare it to market trends and your initial targets/KPIs for the project (**Analyse**). This analysis will inform any strategic adjustments to the plan (**Develop**) before you set version 2.0 of the project in motion (**Implement**).

Process is key. By taking an iterative approach to workforce planning, you'll make it easier to modify your plan in response to changing market conditions.

Finally, it's also worth re-iterating: make sure to align as closely to the business strategy as possible when making adjustments. If the business strategy changes, then factor this into your workforce plan.

Next steps

[Download our workforce planning template](#)

Now you've got your plan, you need to turn it into action.

With SRG, the leading STEM network, you can do just that.

By harnessing intelligent data and forging mutually beneficial partnerships in the recruitment sector, we've been helping clients with their planning and recruitment solutions for thirty years — helping them to think bigger and go further.

The SRG Strategic Accounts Team works with some of the largest global pharma businesses and consults with other areas of the business when workforce planning requests arise.

To discuss your workforce planning needs and see what SRG can do for you, contact emma.brown@srgtalent.com, Strategic Accounts Director, +44 (0)7557 060 000 who has extensive experience in workforce planning and is CIPD qualified.