# Strategic workforce planning

Using people data to drive long-term business success

# Overcome the talent shortage with strategic workforce planning.

A company's long-term success largely depends on its ability to recruit, develop, and retain the right people in the right roles.

To achieve this objective, senior leadership and HR need to collectively engage in a strategic workforce planning process that directly links its talent strategy to its broader corporate strategy. This planning process—known as talent optimization—is critical to overcoming the [growing talent shortage.](#)

Too many companies create staffing plans that emphasize headcount targets and associated costs. While these are components of workforce planning, they overlook what's beyond the numbers: the people who fill those roles.

Strategic planning is more than getting the numbers to line up on paper; it's about getting the right people in the right seats, fully engaged and motivated to perform. And the best way to do that is through people data—especially workforce behavioral assessments.

But before we dive into how behavioral data can help, let's look at what strategic workforce planning looks like in 2020.

# What is strategic workforce planning?

HR and business leaders are responsible not only for today's workforce requirements, but also for tomorrow's. Strategic workforce planning the process of ensuring a talent strategy is in place to meet organizational objectives.

While it can be difficult to find the time to conduct proper planning, HR leaders recognize that it's essential to balance short-term needs—such as employee engagement, performance management, and training—alongside longer-term initiatives, like strategic workforce planning and identifying future leaders inside the company.

Depending on the size and maturity of the organization, the strategic workforce planning horizon may be as forward-looking as three or more years. This type of strategic planning is particularly important—albeit challenging—in a business environment that's changing rapidly.

At its most basic and tactical level, the workforce planning process seeks to answer two questions: "How many people will we need in each job role?" and "How much will it cost?"

However, strategic success requires more than tactical thinking and planning. In nearly every organization, people dynamics are critical for business success. In fact, a survey of 600 execs found they attribute 72% of their company's success to their employees.

It's clear that strategic workforce planning is much more than headcount calculations in a spreadsheet. The planning process needs to take into account the behavioral drives, knowledge, skills, and abilities of each employee as they relate to the organization's strategic intent.

# A talent-focused strategic workforce planning process

**Align** ▸ Evaluate ▸ Forecast ▸ Analyze ▸ Plan ▸ Execute

## Step 1 – Create strategic alignment.

Is your leadership aligned on strategy? Oftentimes, they're not. Where there's unspoken or implicit disagreement, there's misalignment. And that misalignment inhibits your company's ability to execute.

Your executive team must first get aligned on the organizational strategy. This might include new business ventures, new vertical markets, international expansion, re-organizations, changes in the technological or competitive environments, and planned market exits and reductions. Each of these strategies has a direct bearing on the resulting talent management strategy. After all, strategies don't execute themselves; people execute strategies.

Once your strategy is determined and agreed upon, HR and executive leadership must work in partnership to create your company's long-term talent strategy. This includes the skills and behaviors required to successfully execute the overall strategy. For example, if you work in a highly regulated industry—such as health care—you might need to hire and promote people who are wired for process, precision, and stability.

The strategic mission of the organization as a whole affects each functional or departmental level. For this reason, workforce planning also requires tight collaboration with department heads. Be sure to gather, develop, and review relevant long-term planning inputs at both the executive and departmental levels.

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## Step 2 – Evaluate the current organization.

The second step is to evaluate the current state of your organization. This includes collecting relevant people data—such as behavioral patterns, cognitive ability, engagement levels, performance metrics, and existing skill sets.

Strategic planners need to determine which recent trends are positively and negatively impacting staffing levels and performance, as well as evaluate the required skills and competencies for each job role. Next, review the relative effectiveness of the company's recruitment and retention approach—complete with onboarding and exit interviews—to gain additional insight.

When evaluating the current workforce, behavioral assessments can be a valuable resource. These assessments help explain the individual's preferred working environment, decision-making methods, and communication style. In the workplace, scientifically-validated assessments have the benefit of being non-judgmental as compared to a supervisor's "gut" interpretation and evaluation.

They can also be used to answer the question, "What are the traits of our top performers in this role?" with an eye toward building on prior or current successes.

## Step 3 – Forecast future workforce needs.

Next, document what your organization will need to be successful in the future. Think about the organizational structure, key requirements, and overall vision of the future workforce. A best practice is to share this information broadly for review and confirmation by business partners.

At this step, look for opportunities to increase operational efficiencies and reduce redundancies or counterproductive practices in the talent management process. The objective is to identify critical success factors, unknowns, and risks relative to the future workforce.

Consider the common scenario where a department head decides that a new job role is needed. Traditionally, this process involves asking the hiring manager to create a job description that clearly details the position's duties, requirements, education, target compensation, etc. A talent-focused hiring manager goes further by identifying the specific behavioral requirements of the job. When paired with the use of behavioral assessments in the hiring process, the hiring manager can understand the fit-gap between the role and the behavioral style of the candidate, allowing them to determine which candidates are most likely to be successful.

"As a wholesaler, we're often viewed as a company that's not exactly on the leading edge of change and innovation. Look behind the scenes, though, and you'll see our fully-automated central distribution facility, our business intelligence tools, and our use of analytics for hiring. As our business grows and changes, [analytics] are essential to ensure our workforce is ready for change—and our team is ready to adapt, innovate, and inspire."

- Tracie Sponenberg, CPO at The Granite Group

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## Step 4 – Conduct a skills gap analysis.

The next step is to identify any critical differences between the current state and capabilities of the current workforce and what will be required in the future.

Less than a third of organizations claim to have a good understanding of their talent gaps. HR leaders are most concerned about deficiencies in basic skills—including writing and technical skills—as well as applied skills, such as professionalism and problem solving.

Workforce gaps often present a "build-versus-buy" decision—choosing whether to develop required skills or traits of current employees or to hire new employees to fill the void. Due to the growing talent shortage, it's necessary to prioritize which gaps need to be addressed first and to communicate the status and operational risks associated with any that remain.

Behavioral assessments can help in the build-versus-buy decision process by predicting the potential fit between an employee and the job needs of a new or revised role in the future. With objective assessment data in hand, HR leaders and managers can make the decision confidently in a way that's informed by science.

## Step 5 – Develop an action plan.

In this step, create the actual strategic workforce plan, along with its associated actions. Identify the specific initiatives, practices, and techniques that will be used to ensure the talent strategy is best able to support the broader company strategy. Each initiative and action should include the key roles and responsibilities of the appropriate stakeholders.

Major aspects of the plan should be broken down into a progressive series of manageable phases. At this stage, it's also critical to define success metrics that will be used to provide regular progress reports to business partners.

At its core, the strategic workforce plan details expectations regarding talent acquisition, development, and retention of workers—as well as any means to ensure the effectiveness of teams among functional and cross-functional groups. Once again, predictive data derived from behavioral assessments supports each of these key people-centered activities.

## Step 6 – Execute, monitor, and adapt.

After the plan has been developed, the final step is to put it into action. Of course, the plan may change. Entrepreneur and author Steve Blank once said, "No business plan survives first contact with customers"—and the same could be said of your talent strategy. You'll learn from implementation, then modify and evolve.

Evaluate progress made against the workforce plan by using the target metrics defined earlier in the planning process. Conduct quantitative and qualitative reviews of headcount, competencies, and employee engagement.

While executing the workforce plan, top-performing organizations rely on a finite set of metrics, detailed requirements by job role, and a process of ongoing monitoring. In addition, HR leaders at these top-performing companies conduct frequent "lessons learned" sessions with their business partners, and they adapt quickly as they encounter changes in their operating environment.

# The right tools for the job

The current workforce talent shortage is challenging HR and business leaders' abilities to attract, train, and retain necessary workers—and this concerning trend is expected to continue. Strategic workforce planning is the process high-performing organizations use to ensure long-term talent strategy is aligned with its broader vision, mission, and strategic plan.

Talent optimization tools—such as those offered in the PI suite—provide a scientifically-valid, quantitative, and concrete means of enhancing key aspects of the strategic workforce planning process. The use of assessments has been proven to increase performance in organizations through improvements in talent acquisition, development, and retention as well as through improved interaction among functional and cross-functional team members.

With access to predictive data powered by a behavioral measure, HR leaders can best support the organization's success both today and tomorrow. Now more than ever, fulfilling the popular HR mission of having the "right person in the right place at the right time at the right cost" requires having the "right assessment" to ensure strategic execution and optimal business performance.

# Improve your strategic workforce planning with PI.

Gain data-driven insights to take your strategic workforce planning to the next level—and outperform the competition.

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