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Briefing Paper

The Importance of Strategic Workforce Planning

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The post-pandemic landscape and workforce includes uncertainties; changing attitudes to working expectations, continued instability and new perceptions of culture and connection.

Leaders have an opportunity to try to understand, plan for, and manage these uncertainties, and in doing so can move from being reactive to proactive. It is imperative to develop long-term, flexible, and adaptable processes, to help ensure sustainability. A strategic workforce plan can help ensure skill sets and capacity meet future needs -ultimately, helping an institution to maintain competitive advantage.

However, there is more work to do - the HE sector has a relatively immature approach to workforce planning across the sector. This thought piece aims to introduce the concept of what a best practice approach to workforce planning may look like to support members in taking this thinking forward.

SUMS is a membership-based higher education consultancy, a registered charity and not-for-profit organisation that provides expert consulting to universities across all professional service areas. Here, Emma Ogden, SUMS Consultant, shares insight on the importance, application, and use of a strategic workforce planning process. With expertise covering almost all areas involved in Human Resources, we would welcome an opportunity to support you to effectively implement a strategic workforce planning at your institution. If you wish to discuss further or need any information, please contact SUMS Consultant Emma Ogden at e.l.ogden@reading.ac.uk.

The Importance of Strategic Workforce Planning

Effective strategic workforce planning is a critical success factor for an organisation. It involves designing, developing, and delivering your future workforce by aligning people, work and competencies with your strategy and objectives, to drive delivery and performance. It will analyse, visualise, and identify what you need in terms of the size, type, experience, knowledge, and skills of your workforce. It is a tool that can help you adapt quickly to change, leading to higher, more reliable delivery and a leaner, optimised workforce. Given staffing and related costs often count for over 50% of overall spend, why would you not spend time planning the size, shape, and skills of the workforce?

Workforce planning is critical within universities. Institutions need to create systems that meet the changing student and staff expectations, and effective strategic workforce planning is a mechanism that can help achieve this. Student and staff experiences and demands are changing, and the workforce needs to adapt to meet needs.

With the most mature application of workforce planning, institutions may be able to:

- Create stronger agility and responsiveness to business needs
- Design the workforce required to operationalise and deliver future strategic approaches: capability (talent demand) and capacity (supply)
- Understand and bridge the gap which exists between the current and prospective state of play (skills, behaviours, and resource)
- Create a road map of objectives through an owned action plan
- Make informed and strategically aligned talent and resourcing decisions which enable teams to meet the relevant capability and capacity needs
- Develop a workforce 'establishment', which enables informed decisions on resource allocation. This can lead to a reduced need for initiatives such as change or reorganisation when workforce changes can be planned over longer time periods.
- Reduce cost and resource on reactive recruitment campaigns by improving knowledge and understanding of resource and capability needs
- Engage with data more meaningfully and as a driver of insight and assessor of impact
- Improve employee experience by looking at current talent and investing in their development needs.

What is Workforce Planning?

Put simply, a workforce plan will ensure that an organisation has the *right people*, with the *right skills*, at the *right place and time*, within a budget that you can afford.

The Chartered Institute for Personnel and Development (CIPD) defines workforce planning as:
> *"[the] process of balancing labour supply (skills) against the demand (numbers needed). It includes analysing the current workforce, determining future workforce needs, identifying the gap between the present and the future, and implementing solutions so that an organisation can accomplish its mission, goals, and strategic plan".*

Workforce planning within institutions can take several forms and vary in strategic intent and maturity as illustrated in Figure 1.

Figure 1: Bersin and Associates Maturity Model

At level one, the focus is on budget-driven headcount planning. Headcount planning is a position many institutions may recognise, albeit through the guise of annual budget planning. These budget-focused planning activities are typically centred on understanding costs across the entire workforce (without a focus on key roles) and does not consider the talent needed for the future. Data and analytics at this level are usually very transactionally focused, such as a basic headcount analysis.

At level two, institutions are better at aligning their *people strategy* with a *business strategy*. There tends to be a common understanding of the overarching aims and objectives. People implications and data will be used to correlate the current workforce supply and demand to understand the gap. However, these metrics still tend to be less focused on the future.

At level three, institutions deploy some workforce strategies designed to close gaps between workforce supply and demand and there is some monitoring of progress and impact. These institutions can assess gaps between their actual and desired workforce state, in alignment with a strategic planning or business planning exercise, albeit on an ad-hoc basis.

At level four, the most mature level, institutions recognise workforce planning capabilities as a form of competitive advantage and can deploy resource appropriately on a sustainable, repeatable basis.

Mature workforce planning process are:

- Multi-year, long-term processes
- Adopted and owned institutionally, over and above the HR function
- Informed by institutional strategy, priorities, and themes
- Aligned to the people strategy, purpose, and values of the university
- Innovative, future-focused, and adaptable to workforce design and delivery
- Inclusive of predictive analytics and are a strategic business tool in decision making.

Drivers for Changing the Approach to Workforce Planning

A strategic workforce plan will consider how to address, improve, or exploit several specific themes of the staffing profile. It combines these themes with business plans and objectives.

Drivers for change may include:

1. Technology – exploiting the digital revolution and artificial intelligence
2. Diversity and inclusion
3. New ways of working and resourcing pools
4. Changes in the workforce; workers planning to work longer and later in life
5. Talent management
6. Wellbeing
7. Civic engagement.

Some workforce plans can be criticised for purely looking outwards (horizon scanning future talent and the marketplace) and forgetting to look at what currently exists within their own workforce. Done in excess, this can risk poor staff engagement and morale. Considering both an internal and external perspective - alongside other factors such as the commitment of the leadership team to own and manage processes and assessments - will improve success.

It is risky to rely on an external market for future talent as it is unclear whether the market will provide what an institution needs for the future. Research by Gartner found that 58% of the workforce now need new skills to get their jobs done due to rapidly evolving skills needs, suggesting that this cannot necessarily be sourced externally. [1]

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[1] Do More With Data to Close Critical Skill Gaps (gartner.com)

Developing a Strategic Workforce Plan

Figure 2, below, demonstrates the typical steps in forming a strategic workforce plan. The process begins with an exploration of institutional strategy and objectives - for the organisation and then areas that need a specific focus. What opportunities and trends exist which can be exploited, or what challenges are ahead?

It is important that this is future-looking to enable the institution to consider where they want to be and to acknowledge any known landscape changes. While nobody could have predicted Covid-19, the resulting impact and anticipated changes to the marketplace are now being recognised and regulated[2] - for example, changes to the expectations of flexible working and skills shortages in certain specialisms. This forward-looking lens, when applied to the business planning process, greatly enhances the effectiveness and robustness of a strategic workforce plan.
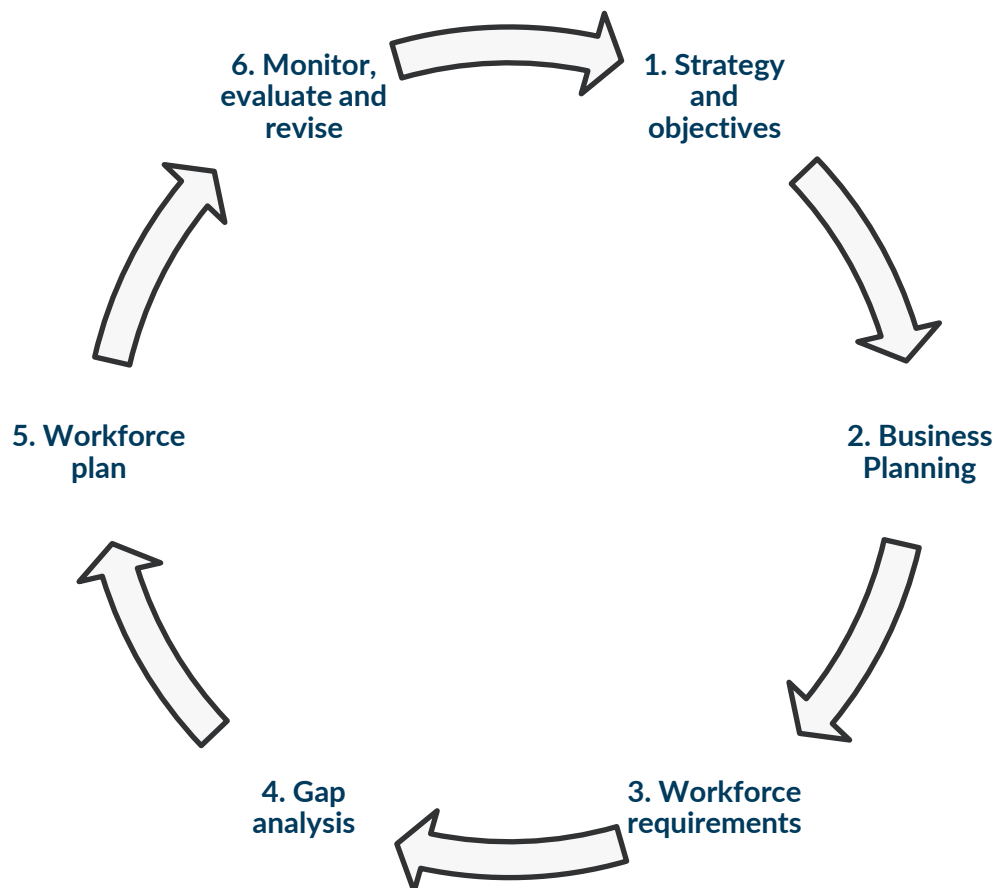

Figure 2: Strategic Workforce Planning Process

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[2] Employment Law in Higher Education for 2022 (sums.org.uk)

Ownership

A good strategic workforce plan will encompass the whole institution, with all key leaders being invited to feedback, review, and input. It will be owned by the functional leads who know their areas and can provide specialist insight.

Action Plan

Getting from the 'as-is' to the 'to-be' and meeting the institutional aims and objectives will require an action plan that is dynamic and flexible enough to deal with the inevitable constant changes. It must also be robust enough that it is trusted as a realistic plan and a means by which to make future decisions and agree investment areas.

Areas for Investment

Areas for investment generally fit within categories that encompass the notion of an 'Employer Value Proposition' (what the institution stands for, requires, and offers as an employer)[3]:

1. **Structure** – This includes the work that is done, how it is structured and how it is allocated to individuals. It also includes decisions that are made, where and who participates in the decision-making.

2. **Capability, resourcing and training** – This encompasses making key decisions on strategic resourcing and recruitment or training of existing staff. This can also include development programmes such as apprenticeships.

3. **Performance and accountability** – This area covers objectives, goals, measures, and evaluation aligned to creating the right accountability, behaviours, and results. McKinsey research[4] found that business leaders do not believe that their performance management system accurately identifies top performers, so considering how this is captured is important (such as through an annual appraisal process).

4. **Recognition and reward** – These include financial and non-financial incentives to retain, motivate and sustain the right behaviours and actions. It encompasses communication and connection; and processes for the formal and informal exchange and management of information, knowledge, and intellectual property.

5. **Leadership** –This includes visible, aligned, and committed leadership capable of leading the future organisation.

6. **Career pathways** – This covers skills pools and talent supplies, and the creation of pathways to engage and develop employees. This may start through an early-career route such as a graduate scheme or early-career academic programme.

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[3] Employer Branding | Factsheets | CIPD
[4] HR says talent is crucial for performance--and the pandemic proves it | McKinsey

7. **Employee engagement** – Employee experience has a huge impact on the motivation and retention of top talent. With post-pandemic working blurring the line between work and home, the requirement to maintain a strong engagement is even more critical.

Evaluation

The final workforce plan will have a greater chance of success if there is an opportunity for measurement and evaluation. What criteria will be used to assess the success of the plan? How will it be reviewed and refreshed? This needs to be considered in advance and outlined to ensure legitimacy and that it doesn't become a 'one-off', annual process.

The workforce plan and associated action plan needs to be a living document which forms the governance and principles by which resourcing and staffing decisions are made.

The Importance of Data

The proactive investment in, and the collection and analysis of, institutional datasets are integral to developing a workforce plan into a longer-term, strategic approach. Done effectively, the right data can identify the critical gaps in staffing capability and capacity, ensure alignment to business plans and ensure sophisticated approaches to workforce planning. In 2021, the CIPD[5] found that less than half (46%) of employers use data to identify skills gaps in their organisation. This isn't limited to the UK; a Harvard Business Review[6] survey also found that only 15% of US organisations use HR data to undertake predictive analysis.

Data can be a red herring; poor quality or untrusted data, when used in excess, poses a risk of either diluting meaning or invalidating the action plan. Professionals should first consider whether the institution holds high-quality data seen as the 'single source of truth'. This may be owned across several functions - HR, Planning, and Finance, for example. Those areas need to work collaboratively to present it in the most accurate and meaningful way.

It is not just about numbers. Insight and information can include skills, potential, deployment of resource, objectives, or quantitative feedback such as exit interviews. The information input is not a science. There is no single dataset that will give the perfect insight for a workforce plan. The skill is being able to select the appropriate sources needed as evidence for assessing the gap between the 'as is' and 'to be' workforce and then interpreting it in a meaningful way.

When considering the use of data, it is useful to start with the 'why?'. What is it you're trying to answer? By starting with the clear, relevant business problems, data can be used to identify what those gaps are and what needs to be acted upon. This is important to move from a reactive to proactive approach (level three of the maturity model) to a strategic to predictive one (level four).

It is important that stakeholders fully understand the data, its' use and purpose. Immediately attempting a predictive analytics approach may cause assumptions to be made, or interrogation of data to *prove* a theory, rather than allowing the data to identify an unknown opportunity. It's

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[5] HR Magazine - Employers failing to use data for future workforce planning
[6] How to Leverage Workforce Analytics & HR Data | PeopleScout

important to get a balance between data as a mechanism to drive informed decision-making and getting lost in the detail of analytics, which creates a lack of resolution of real business issues.

The data collection itself can be categorised broadly into the following:

1. **Institutional, market and performance data**
   This could be on a macro-level (i.e., market data, future performance indicators, sector insight) which could provide predictive estimations, such as where there may be growth or decline in student numbers. There is also the micro-level institutional data, which details actual performance to date (i.e., hit and missed target student numbers, course size and breadth, NSS results, programme feedback, research performance, etc.). Coupled together, you can form a correlation of the 'as-is' assessment of institutional performance with possible indicators of how the market may change. This will help reinforce business objectives, strategic planning and an institutional focus on key themes or activity.

2. **Staffing data**
   By understanding *where* growth or decline may be, or where you want to refocus activity, staffing data allows you to understand where the capacity or capability gaps are. There is significant data that can be collected for this purpose:

   a. **Recruitment data**- number of applications, time to hire, time to appoint, qualifications obtained, and skills gaps
   b. **Position data** – number of people in each role title, employee-to-manager ratio, location of roles, knowledge, skills, and competencies needed
   c. **Staff profiles** – FTE, demographics, fixed-term-to-permanent ratio, average salary, number of casual staff, grade, length of service. This provides a size and shape assessment of academic and professional services areas and indicates where turnover may be higher.
   d. **Learning and development data** – courses undertaken, courses completed, mentoring programmes, and 360-degree feedback
   e. **Staff performance** – objectives and appraisal ratings
   f. **Staff satisfaction** – candidate feedback, staff engagement surveys and exit interviews.

In addition to using people-data to help achieve business objectives, insight into workforce metrics may provide an opportunity to create institutional objectives and targets to achieve a particular aim. For example, demographic data might show a need to focus on improving diversity and inclusion, which could be having an indirect impact on student attainment. Salary data may enable institutions to understand where more cost is being spent on salaries or positions - and ultimately, where the intuition is spending more on a service or area.

Recruitment insight can shed light on where there is a gap between the demand and supply of talent and staffing data may provide an understanding of staff-to-student ratios (SSRs). This is particularly useful when benchmarked against forms of delivery (i.e., synchronous and

asynchronous); comparator SSR data; and compliance against governing metrics (i.e., the British Psychological Society[7] or National Midwifery Council).

Professionals should be mindful of the potential misuse of analytics and interpretation. For example, the methods universities use to profile their staff numbers as a direct match to staff-to-student ratios may not consider research activity, cross-covering of module delivery, or perceived institutional SSR metrics.

It is important to reinforce that employee data is personal, and as such, privacy rules and data governance must be followed and is the responsibility of everyone involved within the workforce analytics process.

Engaging Stakeholders in the Workforce Planning Process

The importance of full stakeholder engagement - from the outset - to own and manage a workforce assessment and subsequent action plan is key. There are several initiatives which may be considered to guarantee productive and effective engagement and can include:

1. **Workshops to set strategic priorities**
   Ensure senior stakeholders are clear on where the priorities are in terms of agreeing further investment. This can be done through facilitated workshops, interviews, comparator analysis. This insight is then mapped against data to form design principles about deliverables through the process.

2. **Workshops on the purpose and process of workforce planning**
   Ensure shared understanding of the approach, intended outcomes and the process. This can include discussion on data-gathering and interpreting/understanding data effectively.

3. **Capability assessments or stakeholder feedback**
   Consider current performance over several topics (i.e., pipeline talent, university KPIs, strategic themes, ROI). This can be presented back to senior stakeholders alongside benchmark data to inform decisions on where investment or changes need to be made and why. This can be done alongside a workshop on strategic priorities.

4. **Talent scoping initiatives**
   This is a mechanism to assess and plot talent based on their performance and potential. It helps leaders to understand where the talent sits, institutionally, alongside possible risk (i.e., turnover, single point of failure, etc.)

Experience shows that the better the expectation management is, the more you can seek to achieve from the workforce planning.

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[7] Undergraduate Accreditation Handbook 2019.pdf (bps.org.uk)

Considerations and Recommendations

The process of transitioning from an operational - and largely reactive - workforce planning culture to a strategic, informed, and predictive one may take several iterations. It is prudent that institutions begin to consider and plan for this process by:

1. **Considering strategic drivers and priorities**
   While a comprehensive workforce plan will seek to address all the key themes of an institutional plan, early iterations may focus on the priorities that ensure alignment to the key strategic drivers to ensure that a robust and well-considered plan is developed. This is often useful when developing a pilot programme on workforce planning.

2. **Looking both internally and outwardly**
   Just focusing on internal metrics and key performance indicators will not ensure that institutions are appropriately future-focused and retain a level of competitive advantage. However, ignoring internal metrics and insight around actual staffing may also cause critical internal initiatives to be forgotten (such as improving diversity and inclusion).

3. **Focusing on action planning to bridge the gaps**
   Action plans should be concise and understandable by focusing on a business issue and providing a solution to it.

4. **Considering several possible outcomes**
   Preparing for multiple future scenarios and creating workforce plans that reflect these will future-proof and legitimise the effectiveness of that plan. By examining the internal and external supply of talent and forecasting where possible can also provide institutions with an idea of the magnitude of requirements against different scenarios.

5. **Using data effectively to inform decision making**
   Leveraging data and analysing it appropriately will reveal not only the critical gaps, but the actions which will be most effective to bridge them. Try not to get lost in the data and - as a result - forget to solve real business issues. Matching data with a narrative and an action plan of several initiatives will enable leaders to make informed decisions.

6. **Focusing on critical workforce needs first**
   Consider and split the workforce based on the strategic importance to the business (using the 3x3-box grid and the hard-to-fill positions or critical skills gaps). Strategic workforce planning is not about headcount; it's about considering investment in resource which adds significant business value.

7. **Engaging with stakeholders from the outset**
   Ensuring key decision makers and strategic leads both understand the purpose and benefits of a thorough workforce planning process will undoubtedly increase engagement. It will support buy-in and overall success of a workforce plan being future-focused and strategic. These stakeholders may also need to include groups such as Trade Unions, Student Union groups and staff networks.

8. **Ensuring good governance**
   Workforce plans should be living documents and therefore should be aligned to material which supports this process. This could include process maps, capability assessments and action plans which clearly identify where accountability sits with indicative timescales.

9. **Monitoring, evaluating impact and revising plans**
   Workforce planning is not a one-off event, but an ongoing programme of work. A constant critical review and refinement of the plan is required to ensure long-term success. Ensuring time to reflect on the process, consider lessons learned and make refinements to the plan throughout the annual cycle is critical in building engagement with, and ownership of, robust strategic workforce planning.

Supporting Tools and Models

Toolkit

SUMS has developed a ***Strategic Workforce Planning Toolkit*** that provides oversight and guidance to help universities complete a successful strategic workforce plan. It outlines the key principles behind effective workforce planning and includes templates to help you identify your data requirements, explore learning and development needs, and develop your own action plan. SUMS Members can contact SUMS Consultant Emma Ogden at e.l.ogden@reading.ac.uk for a copy of the toolkit.

HR Maturity Assessment

SUMS can provide an assessment of your strategic workforce planning maturity level as part of a HR Maturity Model Assessment.

Best practice examples

For further insight and examples, we recommend the following best practice approaches in developing, implementing and evaluating the success of strategic workforce planning initiatives:

- Developing a 'bottom-up' workforce plan – Imperial College Healthcare NHS Trust
- Improving workforce planning and intelligence – Leeds Teaching Hospitals NHS Trust
- Student paramedic programme – West Midlands Ambulance Service NHS Foundation Trust

For further information on any of the above please contact Emma Ogden at e.l.ogden@reading.ac.uk.

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