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BREAK THE SPEED LIMIT:

Accelerate Workforce Planning and Analytics Capabilities to Emerge Stronger in the New Economy

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EXECUTIVE SUMMARY

More than a few organizations have recently had to scrap their workforce plans and start from scratch. For many, the goals they set were predicated on assumptions that have been radically altered by the global pandemic, and the far-reaching socioeconomic impacts. Modeling scenarios and formulating action plans has undoubtedly become more complicated, but also, more essential for sustaining the organization. To emerge stronger in this new economy, it's more important than ever for organizations to dismantle siloed practices and conventional planning cycles that can't offer them the agility they need to detect changing circumstances early and adapt plans accordingly.

Most workforce planning efforts remain tethered to annual strategic review and budgetary practices that impose an informal speed limit on the pace of workforce planning. Similarly, because workforce analytics and data are intrinsic to workforce planning, the absence of the right training and tools can limit the pace at which information can be analyzed and interpreted to monitor plans against actuals and inform changes. Much more is needed to help accelerate these planning processes than simply additional planning checkpoints or meetings. Instead, it's time to reimagine workforce planning in a way that integrates diverse planning projects, and continuously updates and monitors those plans, while bringing to bear the analytical insights, tools, and partnerships needed to sustain them.

In this research partnership between HCI and Workday, we studied over 250 organizations, not only to characterize the broader changes emerging in workforce planning, but to identify steps organizations can take to advance the maturity of their planning efforts. Organizations that are adopting these practices are also seeing improved performance on a range of talent and business outcomes. These high-performing organizations (HPOs) are facing many of the same planning challenges as their peers, but their commitment to strengthening their teams, training, and tools puts them ahead of the curve in the development of integrated, continuous workforce planning processes. We found HPOs focus their efforts on the following:

Teams

✔ Organizations with more integrated workforce plans lean on HR to lead the effort.

✔ HPOs are steadily building more centers of excellence to pool information and expertise to integrate their plans.

Training

✔ Skills that support team collaboration and workforce analytics competency are the most important for sustaining workforce planning efforts.

✔ HPOs are more likely to view the ability to communicate insights with data, financial acumen, and an understanding of descriptive and inferential statistics as important to their workforce planning efforts.

✔ Although HPOs see collaboration as important, they are less likely to identify a need for training and development in this area because their teams are already highly effective. Instead, they recognize a greater need for the development of financial acumen to improve cross-functional communication.

Tools

✔ Access to real-time data is the greatest differentiator for success in transforming workforce planning.

✔ HPOs are more likely to adopt tools specifically developed for workforce planning.

✔ Tools that enable smoother integration of both internal and external data and offer augmented analytics capabilities allow faster development and testing of scenarios to accelerate workforce planning processes.

MORE UNCERTAINTY REQUIRES A NEW APPROACH TO PLANNING

Workforce planning is often described as a process used to get the right number of people, with the right skills, into the right roles, at the right time. To do this successfully, it must align the "what" of operational and HR objectives with the "why" of talent and business strategy. It must solve for present needs while forecasting future requirements. And, it must offer alternatives for meeting organizational objectives across a range of possible scenarios. Even under ideal conditions, with minimal economic disruption, the complexity of this effort requires the extensive collection and timely analysis of data, along with robust cross-functional collaboration. But what happens when the business strategy needs to change overnight? And, what are the benefits workforce planning provides when operational needs radically shift? How can planning efforts that once focused on key roles remain relevant when the roles themselves are being rapidly redefined or eliminated?
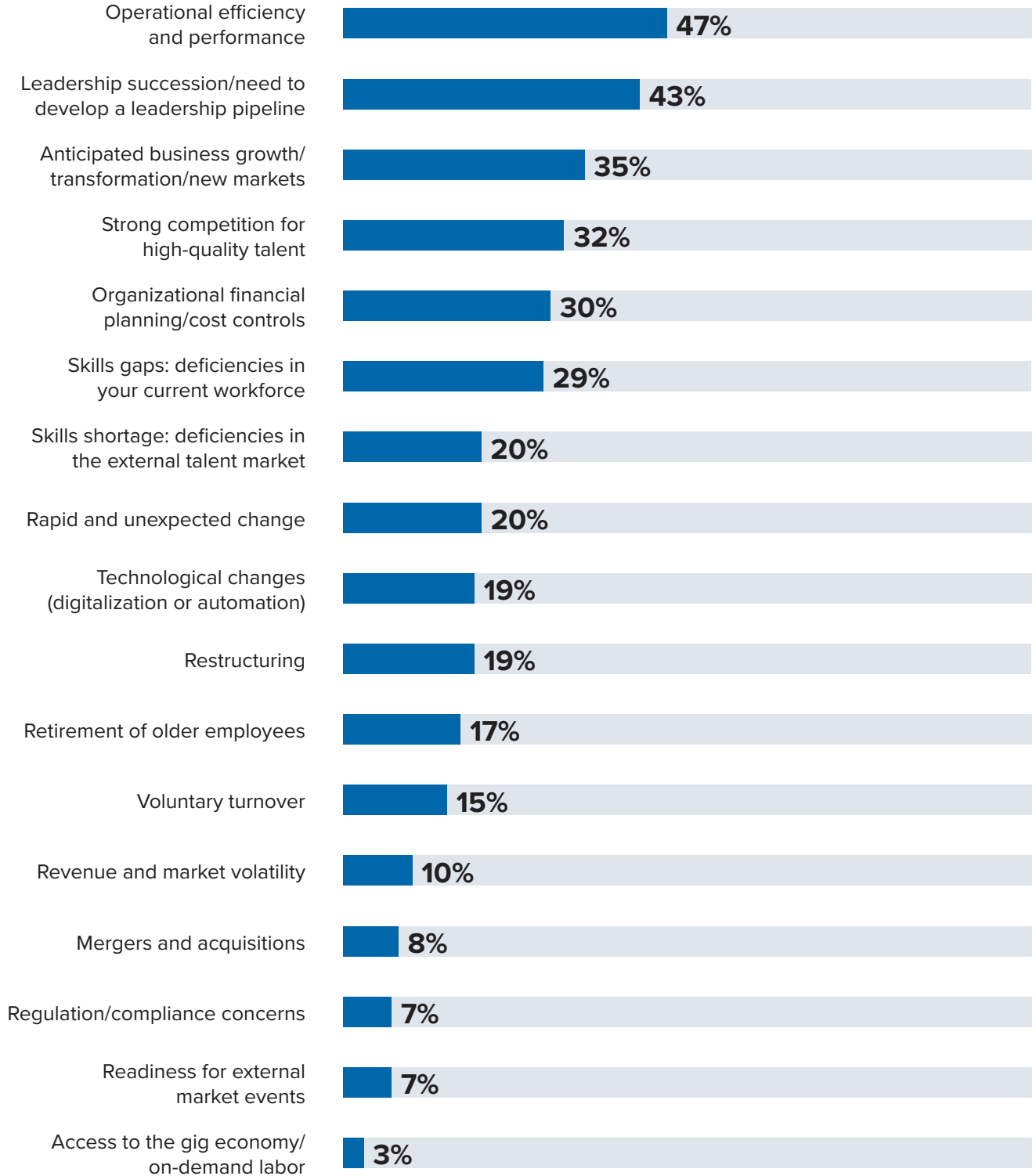
Conventional approaches to workforce planning can't keep pace in the current environment. The COVID-19 pandemic has rapidly accelerated technological and social changes that were already transforming work and the economy on a global scale.[1] The resultant impacts on the workforce are unlike any we've experienced. Recent research indicates that nearly half of all employees (48%) are likely to work remotely, even after the pandemic subsides.[2] Within a few months, altered patterns of work and social distancing are creating new roles, eliminating others, and re-shaping entire industries.[3]

In these circumstances, a lack of planning agility doesn't just result in added expense, lagging productivity, and lost revenue—it can threaten an organization's survival. Yet while the stakes for success in workforce planning efforts are higher than ever before, many of the key objectives for workforce plans remain the same as those before the pandemic. Optimizing operational efficiency and performance, maintaining a leadership pipeline, and preparing for future business growth or transformation were the top three cited reasons for workforce planning in 2018, and in the current research (Figure 1).[4]

Increasing volatility and uncertainty makes it more difficult to reach these objectives, but it also provokes greater clarity around needs and expectations for workforce planning. Three-quarters of those surveyed (75%) agree that their organization now begins planning efforts with a short list of specific goals in mind.

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FIGURE 1

What are the primary reasons your organization introduced workforce plans and planning processes? *(Select your top four reasons.)*

| Reason	Percentage
Operational efficiency and performance	47%
Leadership succession/need to develop a leadership pipeline	43%
Anticipated business growth/transformation/new markets	35%
Strong competition for high-quality talent	32%
Organizational financial planning/cost controls	30%
Skills gaps: deficiencies in your current workforce	29%
Skills shortage: deficiencies in the external talent market	20%
Rapid and unexpected change	20%
Technological changes (digitalization or automation)	19%
Restructuring	19%
Retirement of older employees	17%
Voluntary turnover	15%
Revenue and market volatility	10%
Mergers and acquisitions	8%
Regulation/compliance concerns	7%
Readiness for external market events	7%
Access to the gig economy/on-demand labor	3%

WORKFORCE PLANNING IS CHANGING

The Direction of Change

Finding clarity on workforce planning objectives is important, but it's the process and practices that support these objectives that are critical differentiators for success. Organizations that meet HCI's criteria for high-performing organizations (HPOs) are evolving their approach to workforce planning and reporting better outcomes from their planning efforts as a result (Figure 2).[5] HPOs are less likely than other organizations to be overwhelmed by the complexity of workforce planning, and yet, their plans are in many ways more comprehensive than those of their peers.[6] More than three-quarters of HPOs (76%) agree that their workforce plans meet their needs, compared to just over half of other organizations (55%).[7]

FIGURE 2

Percent of respondents in each group who "somewhat" or "strongly" agree with the following statements.

My organization is overwhelmed by the complexity of workforce planning.

Our workforce plans meet the needs of our organization and its talent.

37%	
55%	
76%	
55%	

High-Performing Organizations

All Other Organizations
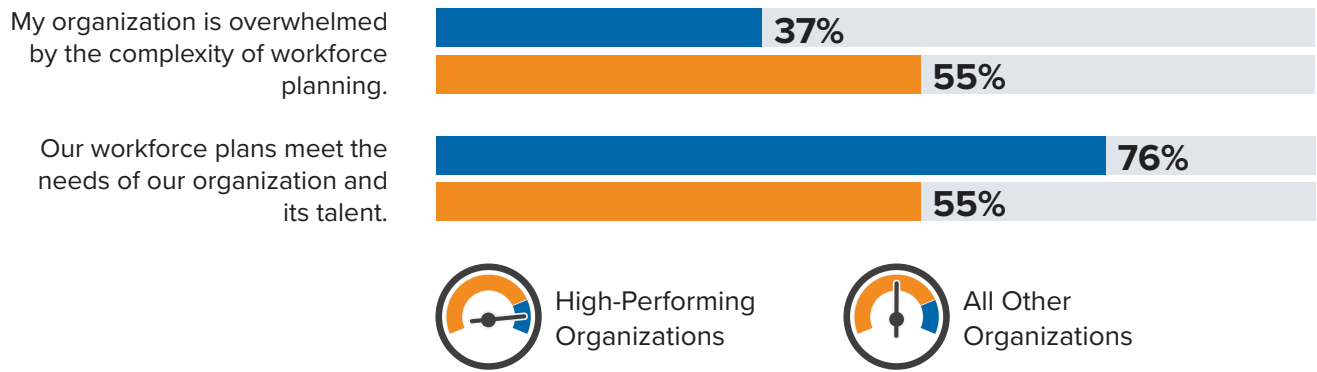
What sets HPOs apart from other organizations are their efforts to fully integrate their workforce plans. This eliminates redundancies in planning efforts across the organization, reducing complexity while optimizing planning capability.

Fully integrating plans as part of a single continuous process allows organizations to pool the resources and information needed while drawing on cross-functional stakeholders' collective and combined efforts. Data integration yields a single source of truth that enables efficiency across teams who will be working with real-time data and actuals across the organizations. It eliminates redundancies for data systems and collection and potential risks for error in data storage,

definition, and interpretation. Integrated, continuous workforce planning at this level yields a significant competitive advantage, shifting an organization's response to emerging threats and opportunities across the entire enterprise from reactive, to proactive.

Although some organizations are on this path, only a few have completed the journey. In fact, this perspective on workforce planning is one that some organizations may not recognize. There are a wide variety of approaches that all sit under the umbrella of workforce planning, and many organizations rely on more than one to meet their needs (Figure 3). In this study, respondents indicated that, on average, their organizations used at least three different terms or expressions to describe their workforce plans. Succession plans, followed by learning and development plans, and strategic workforce plans, were mentioned with the greatest frequency. Only 15% of survey respondents indicated that their organization has a fully-integrated workforce plan.

FIGURE 3

Which of the following terms or expressions are used by people at your organization to describe different elements of their plans for meeting business and workforce needs? *(Select all that apply.)*

Succession or leadership plans	47%
Learning and development plans	46%
Strategic workforce plans	45%
Employee engagement or organizational culture plans	42%
Headcount and cost plans	35%
Talent acquisition plans	31%
Operational workforce plans	29%
Talent or HR plans	26%
All of these/Integrated workforce plans	15%
Resource capacity plans	14%
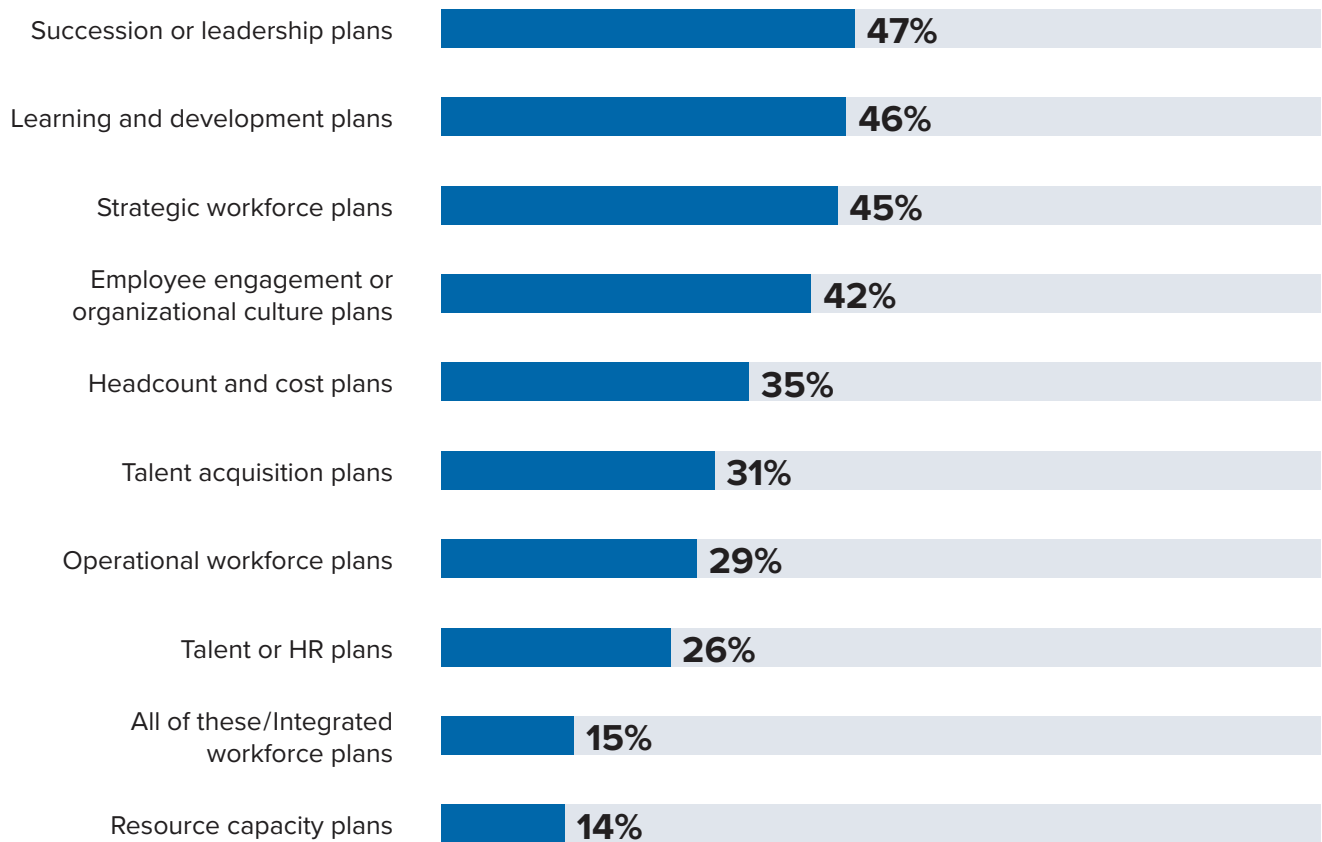
Planning Elements

The work of integrating workforce plans begins with understanding their component parts. While in theory, each type of plan addresses different elements of workforce needs, it's clear that in practice, there are extensive overlaps. For instance, only 35% of survey respondents indicated that headcount and cost plans are among the terms used to describe some part of their organization's workforce planning efforts (Figure 3). Compare this to a larger proportion of respondents, 47%, who indicate their workforce plans, by whatever name, also include headcount and cost planning (Figure 4).

FIGURE 4

Which of the following are included or addressed by your organization's workforce plans? *(Select all that apply.)*

Category	Percentage
Headcount and cost planning	47%
Succession and leadership pipelines	42%
Recruiting pipeline	41%
Employee engagement	38%
Organizational culture	34%
Compensation	32%
Diversity and inclusion	32%
Internal mobility or career paths or plans	29%
Learning paths or professional development	29%
Skills profiles or inventories	29%
Employee performance goals	29%
Reporting structures and team composition	27%
Talent requisition	27%
Strategic roles	25%
All of these	23%
Talent sourcing	22%
Other operational plans (including facilities plans and contracts)	14%
Staffing restructuring/merger and acquisition	14%
Benefits enrollment and participation	13%
Scheduling	12%
Safety and compliance	11%
Skills adjacencies	7%

Contrasts like these, between the terms used to describe workforce plans, and the elements each of these plans address, reveal wide variation and differentiation in workforce planning practices and approaches across organizations. But this doesn't mean that there are no discernible patterns. The more integrated workforce planning efforts become, the more planning elements they require. For instance, we found that only 17% of respondents with organizations that rely on headcount and cost plans also address all the planning elements queried in the survey. But for those who report integrated workforce plans at their organizations, more than half, 54%, address entire list of planning elements in Figure 4.

In addition, the more planning elements that are folded into increasingly integrated plans, the more granular the data that are required to inform these plans. Often, more strategic and forward-looking workforce plans roll-up from more tactical or operational plans, creating linkages between planning elements at the aggregate level of the workforce to those at the level of individual roles or even specific skill sets (Figure 5). This internal view of talent and their skills enables organizations to fill positions and new skill or upskill in anticipation of potential skill gaps.

Data that can offer this detailed view into an organization is often "noisy." It may fluctuate more frequently, making it harder to collect, read, and interpret. That's why increasing the integration of plans and granularity of data also requires enhanced workforce analytics capabilities. Worker skills profiles and adjacencies are an example of planning elements that rely on this kind of highly detailed information. Because these are difficult to track and difficult to include in plans, less than 1 in 5 respondents indicate that their organization addresses these elements at the individual level, let alone across the entire organization.

FIGURE 5   **For each of the areas you indicated are included in your organization's workforce plans, which individuals and groups do they include?**
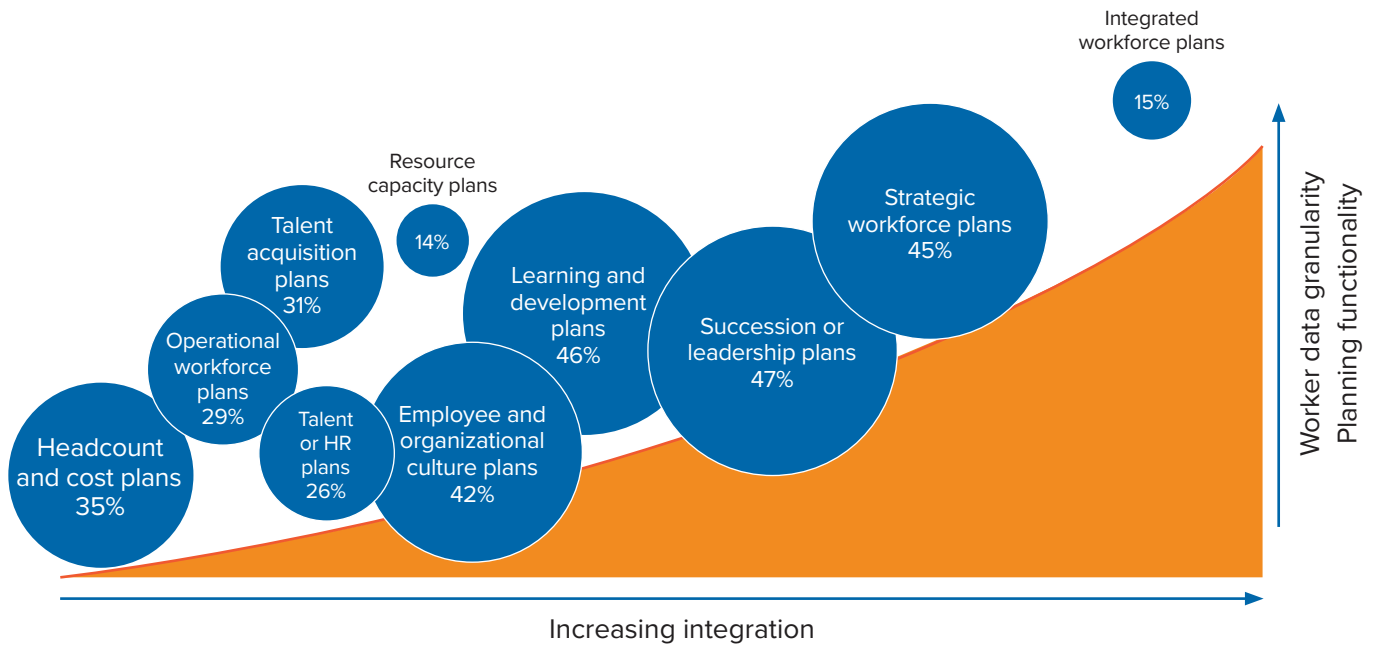*(Select all that apply.)*

	The entire organization	Depts., divisions, units or functions	Teams	Roles	Individuals
Headcount and cost planning	34%	31%	13%	11%	11%
Succession and leadership pipelines	15%	23%	13%	25%	24%
Recruiting pipeline	22%	22%	14%	24%	17%
Employee engagement	52%	18%	14%	5%	11%
Diversity and inclusion	48%	19%	9%	12%	11%
Learning paths or professional development	22%	24%	16%	22%	17%
Skills profiles or inventories	17%	23%	19%	25%	16%
Compensation	41%	19%	2%	22%	17%
Internal mobility or career paths or plans	24%	27%	10%	21%	19%
Employee performance goals	21%	14%	19%	14%	32%
Reporting structures and team composition	24%	33%	18%	16%	9%
Organizational culture	56%	17%	11%	8%	8%
Talent requisition	26%	25%	11%	21%	16%
Strategic roles	28%	14%	15%	19%	14%
Talent sourcing	22%	14%	18%	29%	17%
All of these	30%	24%	17%	16%	13%
Benefits enrollment and participation	56%	18%	3%	9%	15%
Staffing restructuring/ merger and acquisition	23%	28%	22%	18%	8%
Scheduling	8%	20%	22%	26%	24%
Other operational plans (including facilities plans and contracts)	38%	24%	18%	13%	7%
Safety and compliance	46%	18%	13%	8%	15%
Skills adjacencies	17%	20%	23 %	23%	17%

CONTINUOUS, INTEGRATED WORKFORCE PLANNING

Integrated workforce plans, which draw on detailed, granular data, and which rely on enhanced workforce analytics capabilities, also enable more continuous planning efforts. Continuous planning allows organizations to pivot in response to early indicators for change, enhancing their agility at a time when it's needed most. Rich datasets, with insights surfaced in real-time, offer optimal visibility into internal and external factors impacting the organization and its workforce. Unconstrained from regimented planning cycles, while providing organizational context to isolated ones, continuous, integrated workforce planning practices keep the entire organization on the same page to maintain alignment of talent and organizational strategy, optimize the talent mix, and cultivate skills needed for the future while balancing costs.

Many of the diverse workforce plans identified by survey respondents are building toward these next steps in workforce planning (Figure 6). Some organizations engaged in learning and development, succession, or strategic workforce planning, are already seeing signs of convergence in their planning efforts. While strategic workforce plans specify the key roles needed in the next 3 to 5 years to deliver organizational strategy, learning and development plans may identify the people and skills that can be developed for these roles, while succession plans cultivate the talent needed for select leadership positions.

FIGURE 6   **Which of the following terms or expressions are used by people at your organization to describe different elements of their plans for meeting business and workforce needs?**

Integrated workforce plans

15%

Resource capacity plans

14%

Talent acquisition plans 31%

Operational workforce plans 29%

Learning and development plans 46%

Strategic workforce plans 45%

Succession or leadership plans 47%

Headcount and cost plans 35%

Talent or HR plans 26%

Employee and organizational culture plans 42%

Worker data granularity / Planning functionality

Increasing integration

Workforce planning is clearly changing, and there's good evidence that HPOs are gaining on the maturity curve. Survey participants were asked which of their HR and talent management programs and initiatives are developed or modified in direct response to their organizations' workforce plans. Many respondents indicated that sourcing and recruitment, learning, and leadership development offerings were among those HR programs most responsive to workforce plans (Figure 7). HPOs however, were much more likely than other organizations to reply that **all** their HR and talent management programs are directly informed by their organization's workforce plans (51% HPO, vs. 34% Other).[8]

FIGURE 7

Which HR and talent management programs and initiatives are developed or modified in direct response to workforce plans? *(Select all that apply.)*

Program/Initiative	Percentage
Sourcing and recruitment	42%
Learning and development	38%
Leadership development	37%
All of these	32%
Onboarding	30%
Compensation and benefits	30%
Performance management	29%
Employee engagement	28%
Diversity and inclusion initiatives	25%
Organizational culture initiatives	22%
Organization or business process design	20%
Change management	17%
Safety and compliance	9%

WHAT'S HOLDING YOU BACK?

The advantages offered by an integrated and continuous process for workforce planning can appear out of reach at some organizations. Whether an organization is just beginning the work of developing plans, or whether they already actively support and maintain multiple plans or planning processes, every organization faces its own specific set of problems. But one of the most significant barriers to advancing planning maturity is also one of the most common. Resolving challenges to synchronizing and accelerating planning cycles across HR, finance, and operations teams may hold the key to fully integrating the workforce planning process.

Research conducted before the pandemic already signaled a rapid shift to more continuous workforce planning. We saw a steady trend toward progressively shorter planning cycles to maintain and update more comprehensive and more forward-looking strategic workforce plans.[9] The current research, however, appears to show a slowing of this trend. Many planning elements, especially those associated with operations, or headcount and cost planning, remain tethered to annual or bi-annual strategic review and budgetary cycles, which can restrict the agility of planning efforts (Figure 8).
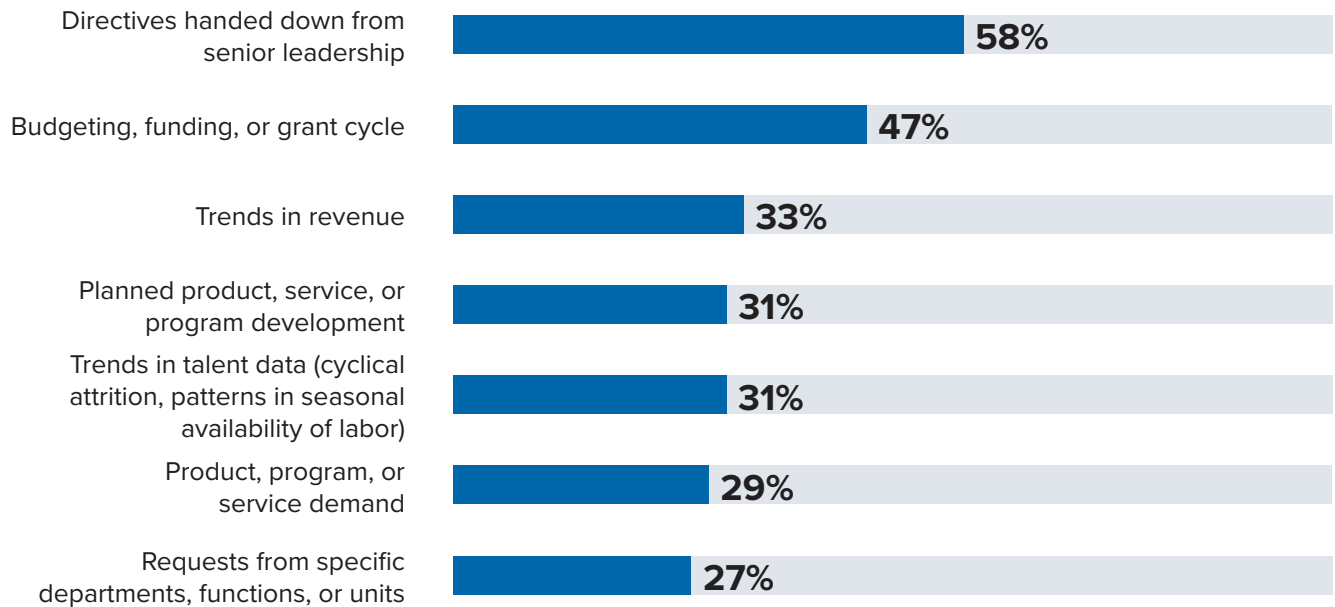
FIGURE 8   **For each of the planning elements you indicated, approximately how many months are addressed in each plan?** *(Select all that apply.)*

	Less than a year	12-18 months	18 months	3 to 5 years	More than 5 years
Headcount and cost planning	16%	62%	10%	11%	2%
Succession and leadership pipelines	7%	30%	25%	29%	9%
Recruiting pipeline	48%	37%	10%	5%	0%
Employee engagement	30%	49%	16%	4%	1%
Organizational culture	26%	26%	33%	11%	5%
Compensation	27%	51%	16%	5%	1%
Diversity and inclusion	26%	27%	29%	12%	7%
Internal mobility or career paths or plans	13%	35%	37%	12%	4%
Learning paths or professional development	14%	42%	27%	14%	2%
Skills profiles or inventories	14%	49%	25%	11%	1%
Employee performance goals	34%	60%	3%	1%	1%
Reporting structures and team composition	29%	49%	16%	5%	0%
Talent requisition	49%	32%	12%	6%	1%
Strategic roles	17%	38%	28%	14%	4%
All of these	16%	44%	27%	11%	2%
Talent sourcing	44%	35%	9%	9%	2%
Other operational plans (including facilities plans and contracts)	18%	34%	32%	16%	0%
Staffing restructuring/ merger and acquisition	19%	47%	25%	8%	0%
Benefits enrollment and participation	24%	62%	14%	0%	0%
Scheduling	68%	18%	7%	4%	4%
Safety and compliance	38%	21%	21%	10%	10%
Skills adjacencies	19%	50%	13%	19%	0%

It can be challenging to move outside this cadence for workforce planning cycles, especially when not only the timeframe, but the priorities and goals for workforce planning are often set without input from multiple business functions. In many organizations, the entire workforce planning process is guided by directives handed down from senior leadership (58%), or by budgeting and funding cycles (47%) (Figure 9). Trends in talent data (31%) and even operational considerations around product development and demand (31% and 29% respectively) have substantially less influence in shaping planning processes.

FIGURE 9

For each of the following, please indicate which guide priorities, goals, and timeframes for workforce plans. *(Select all that apply.)*

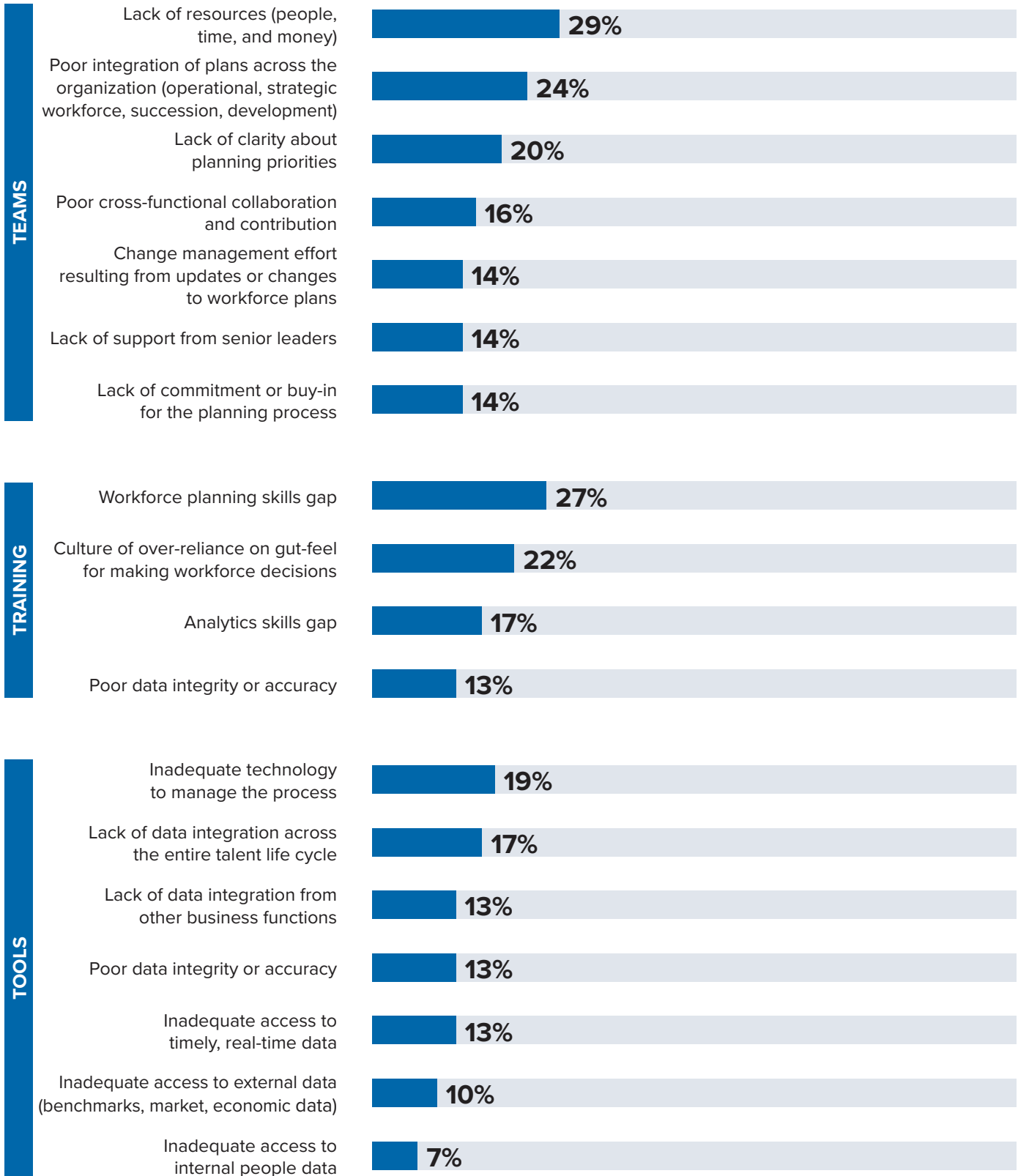|	
Directives handed down from senior leadership	58%
Budgeting, funding, or grant cycle	47%
Trends in revenue	33%
Planned product, service, or program development	31%
Trends in talent data (cyclical attrition, patterns in seasonal availability of labor)	31%
Product, program, or service demand	29%
Requests from specific departments, functions, or units	27%

HPOs and other organizations all share this struggle. Guided by the conventional cadence of strategic review and budget planning cycles, the annual and bi-annual rhythm of planning activities at many organizations has become the unofficial speed limit for workforce planning. Re-visiting plans every 12 to 18 months is better than not at all, but consider the organizations that developed workforce plans at the start of 2020 without a process in place for updating and adapting plans for alternate scenarios. Without an integrated, continuous approach to planning powered by workforce analytics, plans can further fragment and result in ad hoc, reactive, and misaligned efforts across teams.

HPOs are learning how to break the speed limit to emerge stronger in the new economy. They don't suffer fewer challenges to their workforce planning efforts, but they are adopting new practices and strategies to overcome them. Survey respondents described a wide range of challenges. The relatively even distribution of their responses reveals that there are unique conditions disrupting planning efforts for each organization. But each of these challenges align with three areas of focus that can help accelerate planning activities. These include Teams, Training, and Tools (Figure 10).

FIGURE 10

What are the top challenges to expanding or enhancing workforce plans and planning activities at your organization? *(Select the top four.)*

TEAMS

Challenge	Percentage
Lack of resources (people, time, and money)	29%
Poor integration of plans across the organization (operational, strategic workforce, succession, development)	24%
Lack of clarity about planning priorities	20%
Poor cross-functional collaboration and contribution	16%
Change management effort resulting from updates or changes to workforce plans	14%
Lack of support from senior leaders	14%
Lack of commitment or buy-in for the planning process	14%

TRAINING

Challenge	Percentage
Workforce planning skills gap	27%
Culture of over-reliance on gut-feel for making workforce decisions	22%
Analytics skills gap	17%
Poor data integrity or accuracy	13%

TOOLS

Challenge	Percentage
Inadequate technology to manage the process	19%
Lack of data integration across the entire talent life cycle	17%
Lack of data integration from other business functions	13%
Poor data integrity or accuracy	13%
Inadequate access to timely, real-time data	13%
Inadequate access to external data (benchmarks, market, economic data)	10%
Inadequate access to internal people data	7%

WORKFORCE PLANNING REIMAGINED

Teams

The importance of collaboration within and across teams isn't news. Our research has long emphasized the contribution of effective teams to the success of talent and business strategy overall, and workforce planning in particular.[10, 11] But since **planning can only move as fast as the slowest process on which it depends**, it's critical to revisit the composition of teams and cross-functional contributions to planning efforts.

High-performing organizations continue to build and strengthen collaboration around workforce planning and its related initiatives to accelerate the integration of plans and shorten the planning cycle. As a result, respondents from these organizations are significantly more likely to agree that relevant business functions adequately contribute to their workforce plans (78% HPOs vs. 60% others) and that these teams have the support of business leaders (82% HPOs vs. 66% others), and to agree (Figure 11).[12]

FIGURE 11

Percent of respondents in each group who "somewhat" or "strongly" agree.

Relevant organizational functions adequately contribute to workforce plans.

78%
60%

Our business leaders support workforce planning efforts and its related change initiatives.

82%
66%

High-Performing
Organizations

All Other
Organizations

It's not necessary to radically reconfigure planning teams to find results. HPOs are similar in many respects to other organizations when it comes to assigning leaders and contributors to the workforce planning process. Across organizations, ownership of the planning effort often depends on the types of plans being developed (Figure 12). It makes good sense that senior leadership is more involved in succession plans, that L&D guides learning and development plans, and that finance often partners in or owns headcount and cost plans. In general, however, it is the HR function that heads most of the effort around every type of workforce plan. This is especially true for those organizations that already report having integrated their workforce plans. More than half report that this effort is lead either by HR or a cross-functional team/center of excellence that includes HR.

FIGURE 12   **Of the different terms and expressions used by people at your organization to describe different elements of plans for meeting their business workforce needs, which group is most likely to own, or *lead* the effort?**

	Succession or leadership plans	Learning and development plans	Strategic workforce plans	Employee engagement or organizational culture plans	Headcount and cost plans	Talent acquisition plans	Operational workforce plans	Talent or HR plans	All of these/Integrated workforce plans	Resource capacity plans
HR	25%	32%	27%	47%	27%	39%	11%	65%	44%	17%
Cross-functional team	13%	6%	19%	19%	11%	6%	24%	6%	13%	14%
Executive team/ Senior leaders	28%	6%	34%	14%	26%	8%	19%	6%	28%	19%
Managers	4%	8%	5%	4%	8%	1%	23%	1%	0%	25%
L&D	5%	33%	1%	3%	1%	1%	1%	3%	0%	0%
Talent management/ Organizational development	19%	13%	2%	10%	1%	0%	3%	15%	3%	0%
Talent acquisition	0%	0%	1%	1%	0%	41%	0%	1%	3%	0%
Finance	0%	0%	0%	0%	21%	0%	4%	0%	0%	8%
Workforce planning stand-alone team	4%	2%	9%	0%	3%	1%	7%	1%	3%	6%
Business or HR analysts	1%	0%	1%	0%	1%	3%	7%	1%	3%	6%
People analytics team	0%	0%	1%	0%	0%	0%	1%	0%	5%	3%
Legal	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
IT	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
None of these	2%	1%	0%	3%	0%	0%	0%	0%	0%	3%

When the HR function is not directly responsible for leading workforce planning efforts, they are significant contributors (Figure 13). Executive teams and senior leaders also participate broadly across planning efforts. But here is where HPOs begin to differentiate their groups from those at other organizations. They report having more involvement from cross-functional teams, or centers of excellence, across projects, and there are emerging indications that these teams are growing in importance for their headcount and cost-planning efforts. Although only 21% of respondents indicated that cross-functional teams contribute to their headcount and cost plans, most of this group (64%) are at HPOs.

FIGURE 13 **Of the different terms and expressions used by people at your organization to describe different elements of plans for meeting their business workforce needs, which group is most likely to *contribute* toward the effort?**

	Succession or leadership plans	Learning and development plans	Strategic workforce plans	Employee engagement or organizational culture plans	Headcount and cost plans	Talent acquisition plans	Operational workforce plans	Talent or HR plans	All of these/Integrated workforce plans	Resource capacity plans
HR	24%	28%	27%	36%	23%	29%	19%	50%	21%	22%
Cross-functional team	11%	12%	24%	22%	21%	9%	24%	12%	38%	19%
Executive team/ Senior leaders	37%	6%	25%	16%	23%	11%	15%	6%	23%	8%
Managers	7%	16%	8%	12%	7%	16%	27%	13%	3%	31%
L&D	4%	25%	1%	1%	0%	3%	1%	3%	3%	0%
Talent management/ Organizational development	11%	12%	2%	0%	1%	1%	1%	12%	3%	3%
Talent acquisition	2%	0%	2%	0%	2%	23%	1%	1%	3%	6%
Finance	0%	0%	1%	0%	15%	1%	4%	0%	0%	3%
Workforce planning stand-alone team	2%	1%	9%	1%	5%	3%	4%	1%	5%	6%
Business or HR analysts	1%	0%	3%	0%	1%	3%	3%	1%	3%	0%
People analytics team	2%	2%	1%	1%	1%	1%	0%	0%	0%	0%
Legal	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
IT	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
None of these	1%	0%	0%	2%	0%	0%	0%	0%	0%	3%

If HPOs look more or less similar to other organizations in terms of their team composition, what's the takeaway? Two things. Organizations with more integrated workforce plans lean on HR to lead the effort. HPOs are steadily building more cross-functional teams to pool information and expertise to integrate their plans.

Training

Effective teams require support of those with the right skills and training to advance and accelerate workforce planning efforts. HPOs are significantly more likely to agree that they have the skills they need to create and maintain workforce plans (Figure 14). But those that are the most important for workforce planning aren't narrowly limited only to planning and workforce analytics competencies.

Those skills identified by survey respondents as the most crucial for driving workforce planning success are also those that build better teams and put workforce analytics insights in context (Figure 15). The ability to collaborate with internal stakeholders was rated as important by 60% of study participants, with close agreement from both HPOs and other organizations.

Collaboration skills are followed closely in importance by subject matter expertise that facilitates cross-functional communication. Business and financial acumen (53% and 39% respectively), and storytelling with data (46%) all rank highly in importance. In general, the more critical these skills are for workforce planning, the more likely organizations saw a need to improve or develop their competencies in these areas.

FIGURE 14

Percent of respondents in each group who "somewhat" or "strongly" agree.

We have the tools and skills we need to create and maintain workforce plans.

67%

48%

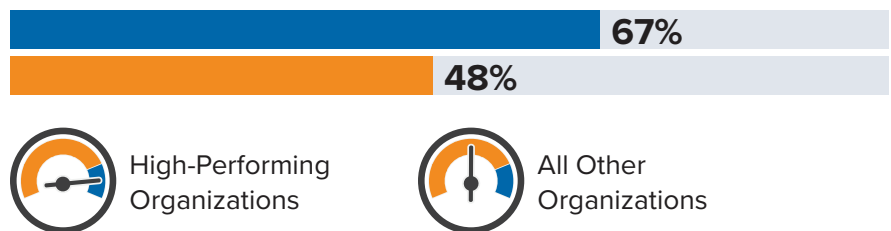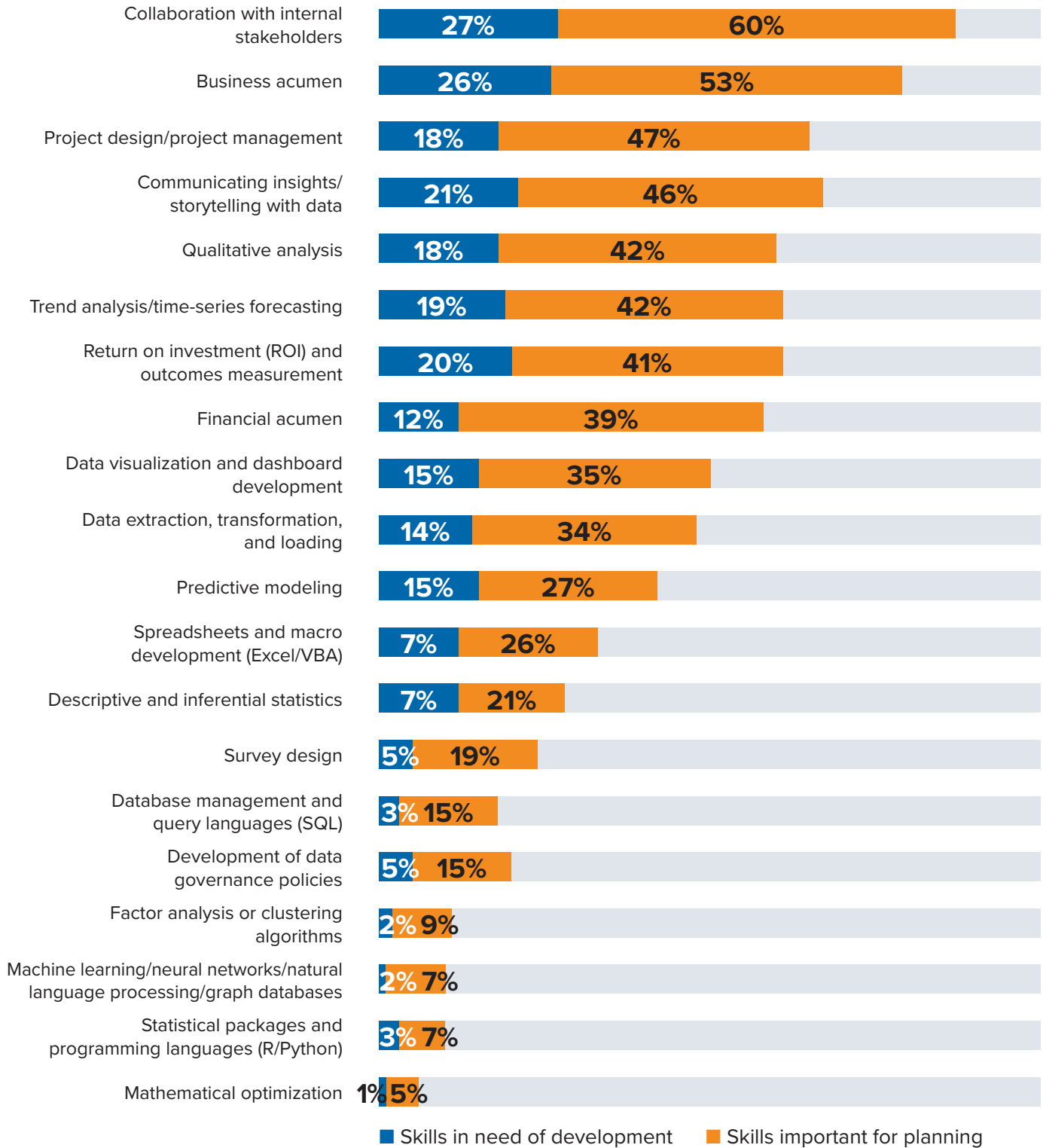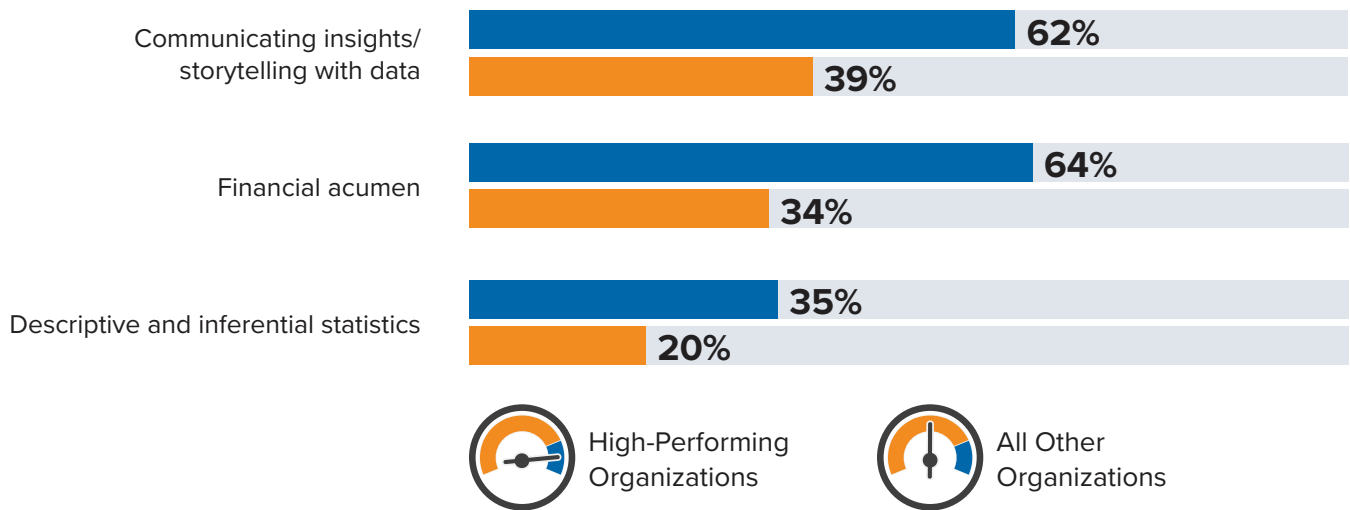High-Performing Organizations

All Other Organizations

FIGURE 15

Which of the following skills are important to your organization's workforce planning efforts? And of the important skills, which are in greatest need of development to improve the success of planning efforts? *(Select all that apply.)*

Skill	Skills in need of development	Skills important for planning
Collaboration with internal stakeholders	27%	60%
Business acumen	26%	53%
Project design/project management	18%	47%
Communicating insights/storytelling with data	21%	46%
Qualitative analysis	18%	42%
Trend analysis/time-series forecasting	19%	42%
Return on investment (ROI) and outcomes measurement	20%	41%
Financial acumen	12%	39%
Data visualization and dashboard development	15%	35%
Data extraction, transformation, and loading	14%	34%
Predictive modeling	15%	27%
Spreadsheets and macro development (Excel/VBA)	7%	26%
Descriptive and inferential statistics	7%	21%
Survey design	5%	19%
Database management and query languages (SQL)	3%	15%
Development of data governance policies	5%	15%
Factor analysis or clustering algorithms	2%	9%
Machine learning/neural networks/natural language processing/graph databases	2%	7%
Statistical packages and programming languages (R/Python)	3%	7%
Mathematical optimization	1%	5%

■ Skills in need of development   ■ Skills important for planning

The importance assigned to some of these supporting skills, and the perceived need for their development, is different for HPOs. Although respondents with HPOs are no less likely than those from other organizations to include collaboration, planning, and analytics skills among those skills most important for workforce planning efforts, they were significantly more likely to view the ability to communicate insights with data, financial acumen, and an understanding of descriptive and inferential statistics as important (Figure 16).[13]

FIGURE 16

Which of the following skills are important to your organization's workforce planning efforts? *(Select all that apply.)*

Communicating insights/
storytelling with data
62%
39%

Financial acumen
64%
34%

Descriptive and inferential statistics
35%
20%

High-Performing Organizations   All Other Organizations

Not every skill considered important to workforce planning needs development, but HPOs priorities for training are telling (Figure 17). They are significantly less likely to see a need to improve collaboration with internal stakeholders, not because they don't value its importance, but because their teams are already highly collaborative and effective.[14] Conversely, HPOs are more likely to identify a need to develop financial acumen.[15] This fits with a push to integrate workforce plans while accelerating planning cycles past the timeframe limitations of conventional annual budgeting processes.

FIGURE 17

Of the skills you selected as important to your organization's planning efforts, which are in greatest need of development to improve the success of planning efforts? *(Select all that apply.)*
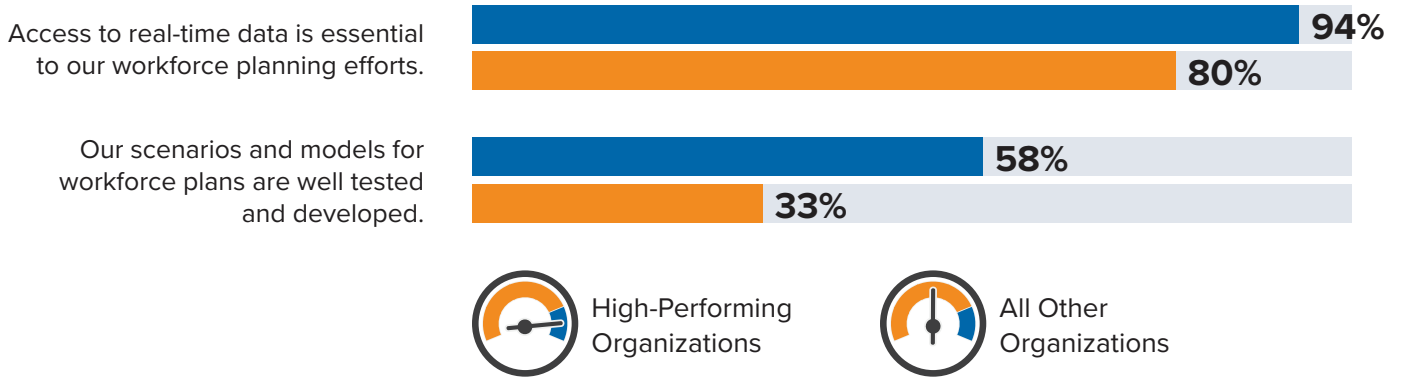
Collaboration with internal stakeholders

15%

29%

Financial acumen

24%

10%

High-Performing Organizations

All Other Organizations
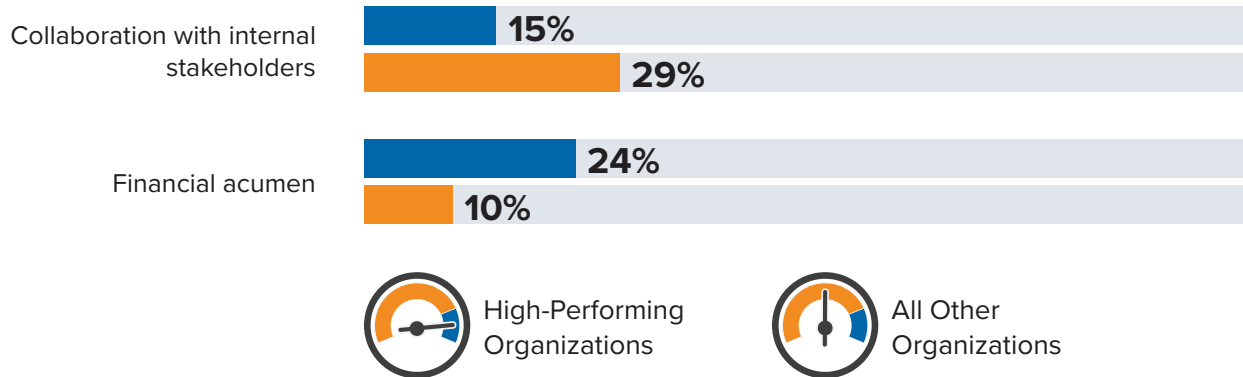
Tools

Even the most effective teams, and most well-trained contributors, can't perform without access to the right digital tools. That's because tools are often the most critical factor limiting an organization's ability to collect, coordinate, and analyze data, test planning scenarios, as well as share results and recommend adjustments to current action plans. The right tool can enable closer communication across business functions by allowing them to monitor a shared set of planning indicators and evaluate these for changes in real time.
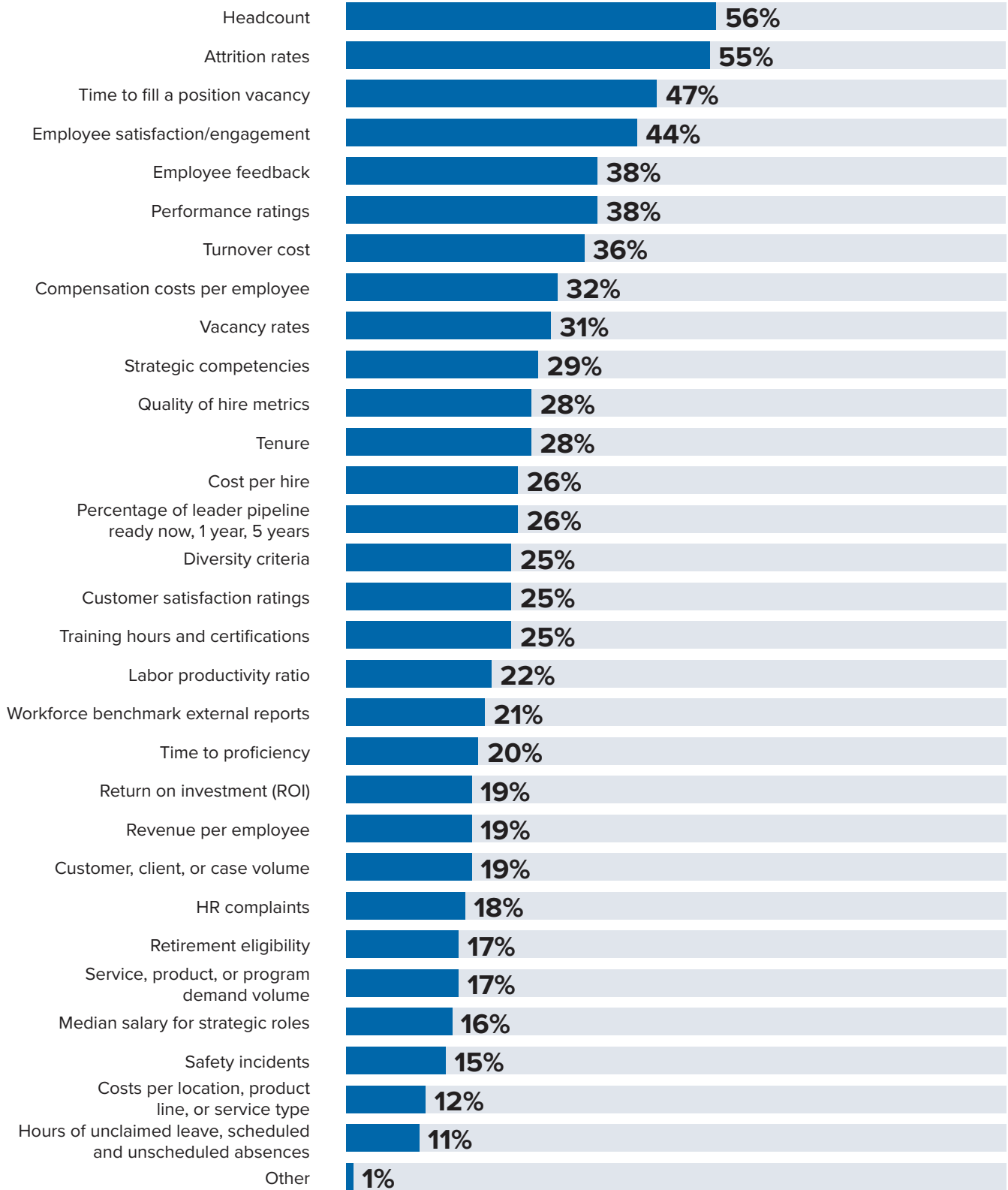
Workforce data and analytics is intrinsic to workforce planning, and building an integrated and continuous workforce planning process requires data and analytics tools equal to the task. HPOs take this seriously (Figure 18). They are much more likely to agree that **access to real-time data is the greatest differentiator for transforming their workforce planning processes.**[16] And, because HPOs are more well equipped to build and test alternate future scenarios, they are more likely to agree that their models for workforce plans are well tested and developed.[17]

FIGURE 18

Percent of respondents who "somewhat" or "strongly" agree.

Access to real-time data is essential to our workforce planning efforts.

94%
80%

Our scenarios and models for workforce plans are well tested and developed.

58%
33%
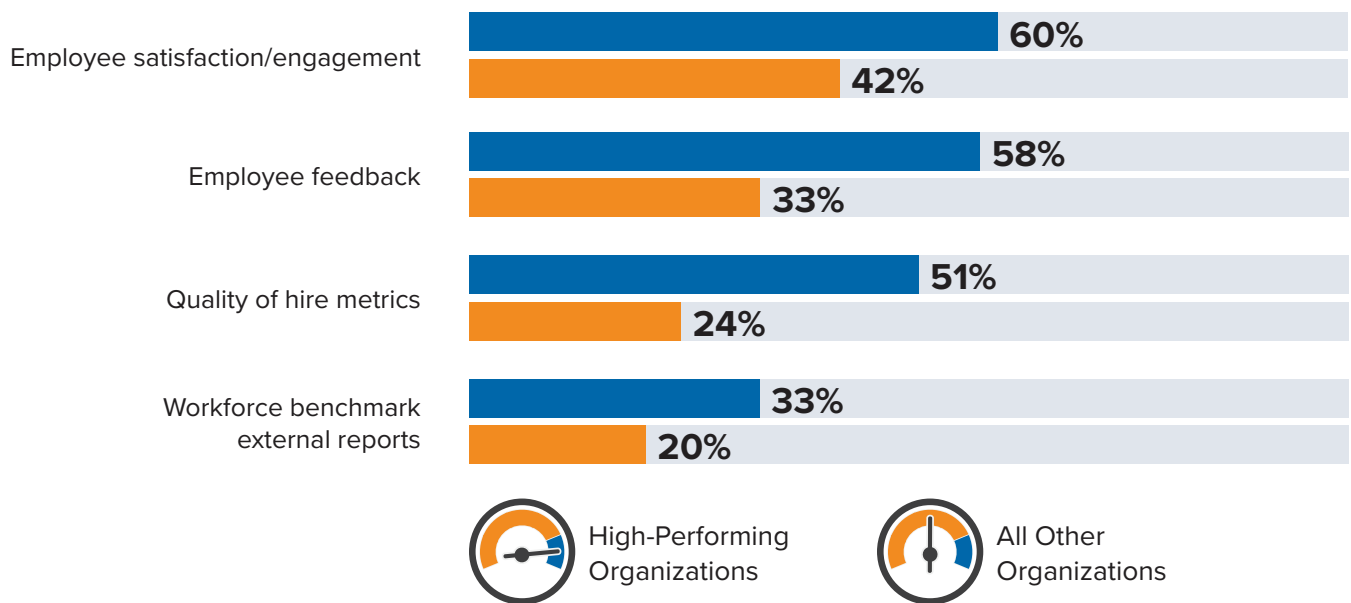
High-Performing Organizations

All Other Organizations

It's key here to emphasize that it's not just the availability of data, but the timeliness and speed with which it can be made available that is important to building an integrated, continuous planning process. The right tools not only help aggregate and analyze a wider range of metrics, but they can automate many of these steps to speed results. In terms of the number and variety of metrics collected for workforce planning and analytics, there are only a few exceptions between HPOs and other organizations (Figure 19).
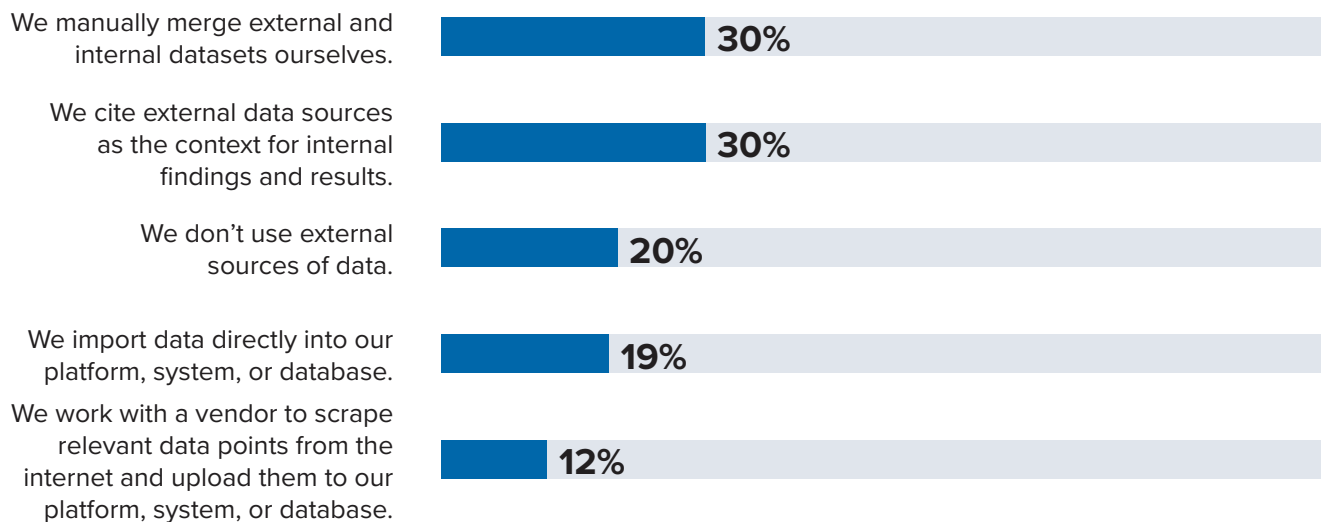
FIGURE 19   **What metrics and outcomes are tracked to understand the performance of existing workforce plans?** *(Select all that apply.)*

Metric	%
Headcount	56%
Attrition rates	55%
Time to fill a position vacancy	47%
Employee satisfaction/engagement	44%
Employee feedback	38%
Performance ratings	38%
Turnover cost	36%
Compensation costs per employee	32%
Vacancy rates	31%
Strategic competencies	29%
Quality of hire metrics	28%
Tenure	28%
Cost per hire	26%
Percentage of leader pipeline ready now, 1 year, 5 years	26%
Diversity criteria	25%
Customer satisfaction ratings	25%
Training hours and certifications	25%
Labor productivity ratio	22%
Workforce benchmark external reports	21%
Time to proficiency	20%
Return on investment (ROI)	19%
Revenue per employee	19%
Customer, client, or case volume	19%
HR complaints	18%
Retirement eligibility	17%
Service, product, or program demand volume	17%
Median salary for strategic roles	16%
Safety incidents	15%
Costs per location, product line, or service type	12%
Hours of unclaimed leave, scheduled and unscheduled absences	11%
Other	1%

Headcounts and attrition rates top the list for important metrics at every organization. These are critical to most types of planning because they directly speak to costs for the organization. HPOs track a broader variety of metrics and are more likely to also track metrics that can anticipate changes in headcount and attrition, including employee engagement, employee feedback, quality of hire metrics, and workforce benchmark external reports (Figure 20).[18] This is a strong indication that HPOs are leaning on tools that help them look farther ahead with their workforce plans and anticipate the factors with the greatest influence on organizational productivity and the bottom line.

FIGURE 20

What metrics and outcomes are tracked to understand the performance of existing workforce plans? *(Select all that apply.)*

Employee satisfaction/engagement
- 60%
- 42%

Employee feedback
- 58%
- 33%

Quality of hire metrics
- 51%
- 24%

Workforce benchmark external reports
- 33%
- 20%

High-Performing Organizations

All Other Organizations

HPOs greater reliance on external workforce benchmark reports is consistent with more sophisticated scenario planning that brings together an understanding of their workforce's internal dynamics, with a view into external shifts in market demand and available pools of talent and skills.

Most organizations rely on some form of external data to help build workforce plans. Only 20% of all survey respondents indicated that their organization does not include external data in their planning processes (Figure 21). And yet, it appears many organizations (30%) may be citing this information only as anecdotal evidence that gives context to internal findings and results. Finding the relevant data can be challenging, let alone attempts to blend this information with internal workforce metrics. Many organizations must manually merge internal and external data sets to make use of them, further slowing data analysis and scenario planning efforts.

How are external sources of data or intelligence coordinated with internal metrics? *(Select all that apply.)*

We manually merge external and internal datasets ourselves.
30%

We cite external data sources as the context for internal findings and results.
30%

We don't use external sources of data.
20%

We import data directly into our platform, system, or database.
19%

We work with a vendor to scrape relevant data points from the internet and upload them to our platform, system, or database.
12%

Relatively few organizations are able to import external data directly into their database of workforce planning and analytics platforms. Finding the tools that can help collect these data and merge this with internal databases can help accelerate the availability of critical analysis and insights that accelerate planning. HPOs understand the value of this. A growing number of them work with vendors to scrape internet data relevant for their organization and upload this directly into their system (Figure 22).[19]

Tools developed for workforce planning have expanded functionality that can better synthesize external data with internal workforce metrics, surface insights in real time on a wide range of information, and test scenarios against the available evidence. Some also incorporate AI capabilities that can identify trends in workforce data earlier than most analysts can detect. A growing number of organizations are beginning to adopt a technology solution specifically intended for workforce planning and analytics, and HPOs are leading the trend (Figure 22).[20]

We work with a vendor to scrape relevant data points from the internet and upload them to our platform, system, or database.

Our organization has a technology solution(s) for workforce analytics and planning.

Percent of agreement by high-performing organization distinction.

24%
11%

31%
17%

High-Performing Organizations

All Other Organizations
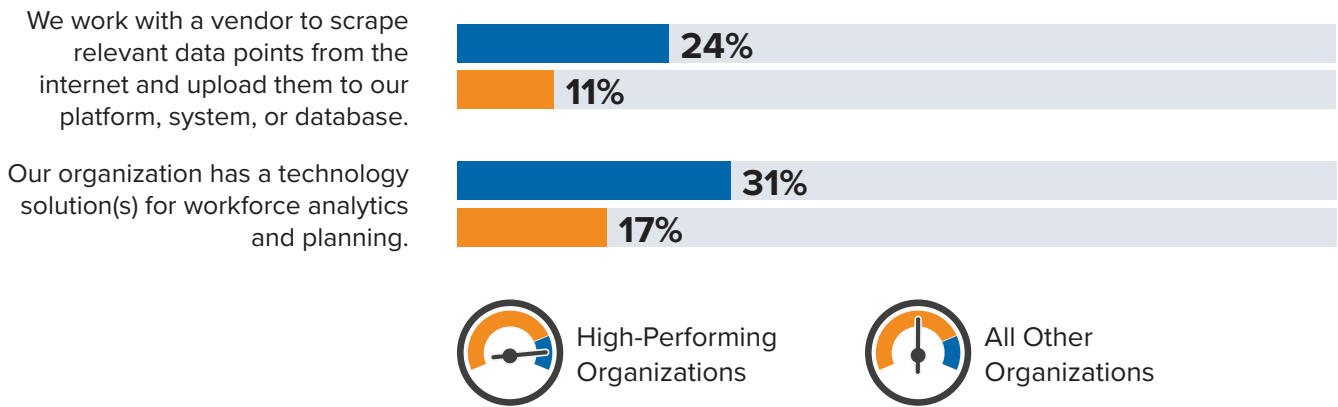
Whether organizations build these tools in house (10%), or choose to work with a vendor (14%), any tool designed to enable smoother integration of data and to augment the analytics capabilities of teams is likely to accelerate the pace of their workforce planning process (Figure 23). Unfortunately, most organizations' only options continue to be limited to spreadsheets (45%) and templates (57%). These tools can provide the framework needed for collecting data, but they can also create bottlenecks for the planning process since more time and effort is required to groom datasets in these formats, conduct analyses, and share results.

FIGURE 23

**What tool(s) are used for managing and developing workforce plans?** *(Select all that apply.)*

Category	Percentage
Templates developed internally	57%
Spreadsheets with raw data without a template	45%
Technology solution from a vendor	14%
Technology solution developed internally	10%
Templates purchased from a vendor	8%
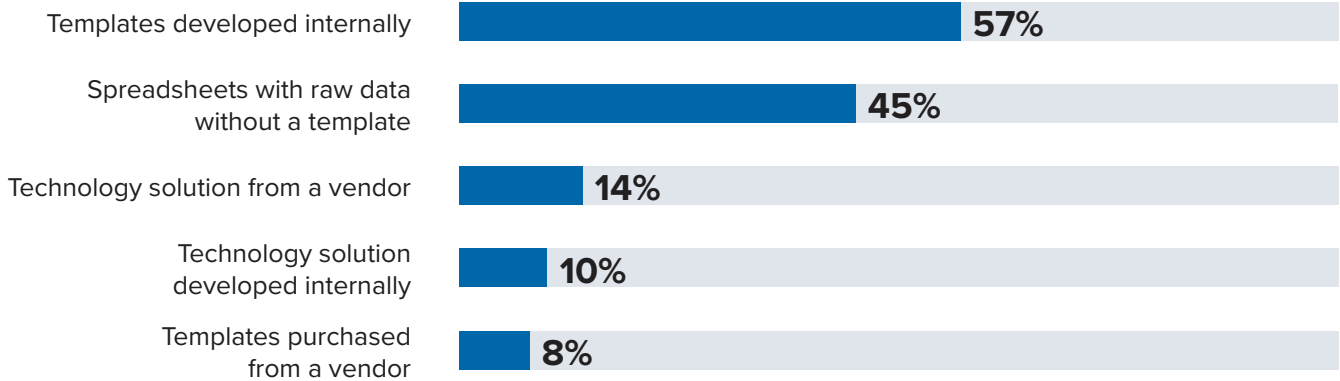
BREAK THE SPEED LIMIT

Workforce planning has never been more difficult, or more necessary. In this period of intense disruption and rapid change, organizations must do more to identify emerging trends early, build and test diverse workforce scenarios, and integrate plans across the organization while accelerating planning processes. But there are important challenges that can stand in the way.

Conventional planning practices have imposed an artificial speed limit on the pace with which planning activities can occur. Many planning cycles are tethered to long-established and familiar annual processes of budget planning or strategic review. Some organizations have also seen a proliferation of siloed planning efforts intended to address separate needs but lack coordination across business functions. Compounding fragmentation of planning efforts is a lack of training to improve communication, financial acumen, and analytics capabilities. Organizations may not only suffer a lack of adequate training in these areas, but they may also lack the tools needed to facilitate the continuous collection, analysis, and sharing of insights that drive impactful workforce planning processes.

Breaking the speed limit on workforce planning processes helps organizations to emerge stronger in the new post-pandemic economy. Taking steps now to enhance planning and analytics capabilities offers organizations the agility they need to pivot quickly ahead of the need for change. Focus on these areas to advance the maturity of workforce plans and build integrated, continuous planning processes for your organization:

TEAMS

✔ HR is uniquely positioned to coordinate contributions to workforce plans and should retain a leadership role in workforce planning teams.

✔ Establishing centers of excellence can help organizations to pool information and expertise needed to integrate plans
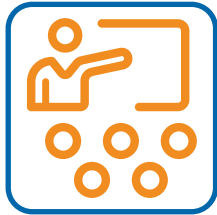
TRAINING

✔ Develop skills that support team collaboration and workforce analytics competency.

✔ Offer training to build financial acumen to improve cross-functional communication.

TOOLS

✔ Invest in tools that improve access to real-time data.

✔ Identify resources that can help integrate internal with external data and allow faster testing and development of scenarios.

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ABOUT THE RESEARCH

This research report includes insights and analysis from secondary research, a survey, and interviews. From July 13th to August 17th, 2020, a survey link was distributed via e-mail to opt-in members of HCI's Survey Panel and electronic mailings. Duplicate entries and careless or partial survey responses were filtered out of the dataset, for an initial total of 314 respondents. Of these, 259 respondents are involved in some aspect of workforce planning. Seventy-seven percent are headquartered in North America. Only categories describing at least 5% of the survey sample are displayed here.

Survey Respondent Demographics

Role	
I am highly involved.	44%
I am tangentially involved.	27%
I am not involved, but I execute workforce plans and can describe my organization's approach.	12%
I am not involved, and cannot describe my organization's workforce plans.	12%
There are no workforce planning efforts where I currently work.	5%
Function	
Human Resources	46%
Talent Management/Organizational Development	18%
HR Analytics, HRIT, Operations	6%
Recruiting, Sourcing, Talent Acquisition	6%
Independent Consultant	6%
Workforce planning	5%
Learning and Development	5%
Partner to the business (HRBP)	5%
Level of Responsibility	
I manage my own work and contribute to teams and projects	35%
I manage my own work and lead a team of people	23%
I am responsible for a business unit or function	19%
I am responsible an entire organization	13%
I lead and am responsible for other people managers below me	9%

Number of Employees	
Fewer than 100	21%
> 100 and ≤ 500	23%
> 500 and ≤ 1,000	9%
> 1,000 and ≤ 5,000	22%
> 5,000 and ≤ 10,000	8%
> 10,000 and ≤ 50,000	13%
> 100,000	5%
Industry	
Other Services (except Public Administration)	14%
Professional, Scientific and Technical Services	14%
Manufacturing	14%
Public Administration	10%
Finance and Insurance	10%
Healthcare and Social Assistance	10%
Educational Services	7%

Endnotes

1. Khagram, S. (2020, April 24). Why Coronavirus will Accelerate the Fourth Industrial Revolution. The Economist. https://eiuperspectives.economist.com/financial-services/why-coronavirus-will-acceleratefourth-industrial-revolution

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3. Cohen, L. (2020, March 25). The Coronavirus is Changing How We Work—Possibly Permanently. The Conversation. https://theconversation.com/the-coronavirus-is-changing-how-we-work-possibly-permanently-134344

4. Filipkowski, J., Heinsch, M., Wiete, A. (2018). Talent Pulse: Strategic Workforce Planning 2020. https://www.hci.org/research/talent-pulse-51-strategic-workforce-planning-2020

5. HCI researchers developed an index of seven talent outcomes (investments in training, internal mobility, employee engagement, diversity and inclusion, quality of hire, retention, and leadership bench strength) and seven critical business dimensions (customer satisfaction, regulatory compliance, talent attraction, innovation, profitability, shareholder value, and productivity) for evaluating the relative strength and weakness of respondents' organizations. These inventories are composed of items with five-point rating scales. Scores from these items are aggregated to create a composite score that reflects the overall strength of each organization in terms of its performance. Those scoring 52 or greater on this inventory are considered high-performing organizations (HPO). In this study, 31% of the total were scored as HPOs. HPO status had no relationship with the industry or number of employees within an organization nor with the respondents' seniority or functional area.

6. HPO index score versus 5-point Likert scale response to the following:
   Please rate your level of agreement with the following statements: My organization is overwhelmed by the complexity of workforce planning: $r^s = -.181$, $p = .02$.

7. HPO index score versus 5-point Likert scale response to the following:
   Please rate your level of agreement with the following statements: Our workforce plans meet the needs of our organization and it's talent: r^s = .273, p < .01.

8. HPO index score versus 5-point Likert scale response to the following:
   Please rate your level of agreement with the following statements: Which HR and talent management programs and initiatives are developed or modified in direct response to workforce plans? (All of these): r^s = .253, p < .01.

9. Filipkowski, J., Heinsch, M., Wiete, A. (2018). Talent Pulse: Strategic Workforce Planning 2020. https://www.hci.org/research/talent-pulse-51-strategic-workforce-planning-2020

10. Heinsch, M. (2017). Talent Pulse: The Three I's in Effective Teams: Intention, Interaction, and Influence. https://www.hci.org/research/talent-pulse-43-three-effective-teams-intention-interaction-and-influence

11. Filipkowski, J. (2014). Successful Strategic Workforce Planning Through Collaboration. https://www.hci.org/research/successful-strategic-workforce-planning-through-collaboration

12. HPO index score versus 5-point Likert scale response to the following:
    Please rate your level of agreement with the following statements: Our business leaders support workforce planning efforts and its related change initiatives: r^s = .283, p < .01; Relevant organizational functions adequately contribute to workforce plans: r^s = .239, p < .01.

13. HPO versus Other organizations in response to the following: Which of the following skills are important to your organization's workforce planning efforts?:
    Communicating insights / storytelling with data: X^2 = 7.948, p < .01;
    Financial acumen: X^2 = 13.466, p < .01;
    Descriptive and inferential statistics: X^2 = 4.688, p = .03.

14. HPO versus Other organizations in response to the following:
    Of the skills you selected as important to your organization's planning efforts, which are in greatest need of development to improve the success of planning efforts?:
    Collaboration with internal stakeholders: X^2 = 4.014, p = .05.

15. HPO versus Other organizations in response to the following:
    Of the skills you selected as important to your organization's planning efforts, which are in greatest need of development to improve the success of planning efforts?:
    Financial acumen: X^2 = 6.065, p = .01.

16. HPO index score versus 5-point Likert scale response to the following:
    Please rate your level of agreement with the following statements: Access to real-time data is essential to our workforce planning efforts: r^s = .304, p < .01.

17. HPO index score versus 5-point Likert scale response to the following:
    Please rate your level of agreement with the following statements: Our scenarios and models for workforce plans are well tested and developed: r^s = .315, p < .01.

18. Fisher exact tests. HPO versus Other organizations in response to the following:
    What metrics and outcomes are tracked to understand the performance of existing workforce plans?:
    Employee satisfaction/engagement: p = .03; Employee feedback: p < .01; Quality of hire metrics: p < .01;
    Workforce benchmark external reports: p = .05.

19. Fisher exact tests. HPO versus Other organizations in response to the following:
    How are external sources of data or intelligence coordinated with internal metrics?: p = .03

20. Fisher exact tests. HPO versus Other organizations in response to the following:
    Our organization has a technology solution(s) for workforce analytics and planning: p = .04

ABOUT THE RESEARCH PARTNERS

Workday is a leading provider of enterprise cloud applications for finance and human resources. Founded in 2005, Workday delivers financial management, planning, human capital management, and analytics applications designed for the world's largest companies, educational institutions, and government agencies. Organizations ranging from medium-sized businesses to Fortune 50 enterprises have selected Workday.

We founded HCI on three core beliefs:

✔ Aligning human capital strategy with business strategy is the greatest accelerator of organizational success.

✔ Organizations that align human capital strategy with business strategy outperform others.

✔ Human Resources and talent management professionals with the right strategic skill sets and mindsets are uniquely positioned to enable organizations to do this.

The key to this success lies in HR professionals' ability to become strategic partners in their business by planning, recruiting, engaging, and developing their people. Since 2004, we have built our research-based learning resources on your behalf to achieve that mission. Our certifications, conferences, and on-demand content build strategic capabilities that drive personal and organizational transformation. Learn more at **hci.org**.

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