Five Years of Strategic Workforce Planning Research

WHAT HAVE WE LEARNED?
The Conference Board creates and disseminates knowledge about management and the marketplace to help businesses strengthen their performance and better serve society.

Working as a global, independent membership organization in the public interest, we conduct research, convene conferences, make forecasts, assess trends, publish information and analysis, and bring executives together to learn from one another.

The Conference Board is a not-for-profit organization and holds 501(c)(3) tax-exempt status in the United States of America.

To help senior executives make the right strategic decisions, The Conference Board provides big-picture insights within and across our four knowledge areas:

- Corporate Leadership
- Economies, Markets & Value Creation
- High-Performing Organizations
- Human Capital

For more information visit www.conferenceboard.org
Five Years of Strategic Workforce Planning Research

RESEARCH REPORT R-1514-13-RR
by Mary B. Young, Principal Researcher, Human Capital

Contents

4 Executive Summary
5 The State of SWP Research
5 What can companies learn from SWP research?
6 What can researchers learn from SWP research?
7 A Critique of SWP Surveys, 2007-2012
9 Toward Better SWP Research
10 The Elements of SWP
11 Who’s Doing SWP?
13 SWP Capabilities
14 Assessing Supply
15 Forecasting Demand
16 Identifying Gaps
17 Segmenting Gaps
18 Modeling Scenarios
19 Driving and Restraining Forces in Building SWP Capabilities
19 What Drives SWP?
20 Who Drives SWP?
22 Obstacles to SWP
23 The How of SWP
23 Types of Data
26 Integration with Business Strategy and Planning
27 The Planning Horizon for SWP
28 SWP Tools and Technology
29 SWP Structure and Staffing
31 SWP Skills and Competencies
32 How SWP Output is Used
33 Assessing the Value of SWP
35 A Topical Index of SWP Survey Research, 2007-2012
36 Research Reviewed in This Report
42 Additional Resources from The Conference Board
Executive Summary

The laborious process of collecting, organizing, and analyzing research findings to conduct a meta-analysis is only worthwhile if it serves two purposes:

The first is to capture what we can (and can’t) learn from previous studies in order to improve actual practices and determine the practical implications.

The second is to identify what future research can do—or do better.

This report synthesizes what we learn by carefully reviewing five years of research on strategic workforce planning (SWP): what it is, who is doing it, obstacles, and outcomes. While many companies aspire to do SWP, most that have taken the next step, implementing it, still have a long way to go, according to the surveys. Relatively few organizations use the output of SWP to make business decisions or even to shape HR strategy. Few can measure SWP’s return on investment. Nonetheless, companies say that SWP gives them a competitive advantage. Some studies suggest that companies that practice SWP perform better than those that do not.

The report begins with eight practical conclusions for companies, such as the importance of integrating SWP with business strategy and planning and of tailoring the process to particular business units and locations. It also recommends questions that future research should investigate. For example, do organizations that are heavy users of data and analytics in functions such as marketing and operations progress more quickly in SWP than those that are less data-driven? Or how do companies develop the skills and confidence of SWP’s end users, including HR business partners and operations?

The next section investigates specific findings related to topics within SWP: the obstacles, enablers, methods, skills, tools, and outcomes.

The final section describes each of the 24 SWP surveys in more detail so that readers can identify which ones they might wish to read in full.
The State of SWP Research

When The Conference Board began studying strategic workforce planning (SWP) in 2006, there was almost no research on the topic. Since then, there’s been an outpouring.

Few human resources executives and SWP leaders have time to read all these studies, however. Instead, many query The Conference Board for answers to their practical questions. “How do we get started?” “Are there any specific industries where SWP is particularly common?” “How is SWP usually staffed?” or “Is it better to do SWP at the enterprise level or by business unit or country?”

This report is designed to help answer such questions. It begins by synthesizing what five years of research has—and hasn’t—answered about SWP and distills the practical implications for companies. It concludes with some suggested directions for future research.

The report then presents a meta-analysis of 24 surveys conducted by consulting firms, vendors, research organizations, and others between 2007 and 2012. The studies were selected because they produced statistical data about current practices related to SWP. In some cases, the survey’s primary focus was SWP, although often it was just one topic among many.

The research findings are organized by topic. Each topical section begins with a summary of what we have learned from studies to date and the implications for practice and research. Readers curious to know more can delve into the detailed findings for each topic, which are arranged chronologically by publication date.

Lastly, the report provides a short overview of each study and includes information about the research sample (company size, region, industry) so readers can assess the study’s relevance to their own organizations. It also explains the unique criteria used in each study to categorize companies as “leading,” “lagging,” and so on. When available, a URL is provided for the full text version of the research.

What can companies learn from SWP research?

1 **SWP is still a beginners’ game.** The first companies to implement SWP did so well before 2007, when the earliest study included in this report was published. Five years later, most organizations are still just thinking about SWP or have barely begun. This means they have lots of company. It also means that survey research tends to reflect the characteristics and challenges of SWP beginners more than it captures the insights of companies with more experience.

2 **SWP evolves over time.** Perhaps the most striking takeaway from this research is that SWP is an iterative process that is evolving in real time both within companies and as a discipline. While SWP research hasn’t been able to measure this evolution effectively, the evolution’s outlines are clear and observable, and they tend to follow predictable patterns:
   - Companies are most likely to undertake SWP in response to talent concerns. Once the companies have gained more experience, business drivers may become the dominant motivation for SWP.
   - Companies start out trying to inventory their talent supply using headcount data, for example. As they gain experience, they begin tracking data about skills.
   - Demand forecasting is usually tougher to do than supply forecasting. Initially companies may produce static demand forecasts, but eventually those forecasts become more dynamic.
   - Companies usually focus on internal workforce data when they begin SWP; eventually they may integrate data about external labor markets.

3 **Companies report common challenges in implementing SWP.** Data and technology are the most widely reported challenges, although changes in the business environment, lack of expertise, and lack of resources are also typical. Companies should not conclude, however, that data and technology are necessarily more problematic than other issues. The survey findings reflect the relative inexperience of most companies today rather than a definitive assessment of challenges at all levels of SWP maturity.

4 **SWP is not a cookie-cutter process.** Despite these common challenges and patterns, one should not conclude that there’s a universal template. SWP should be tailored to the needs of specific business units, locations, or leaders.

5 **Putting SWP output to use** SWP is not an end in itself. Nevertheless, many companies fail to take the next step: applying the information and insights produced through SWP when making talent and business decisions.

6 **Evaluating SWP** Few companies can assess the business value of SWP or demonstrate its ROI. Despite this lack of formal measures, many organizations believe that their SWP process is currently less than effective.

---

[1] The Conference Board also reviewed a small number of academic studies that are not included here, either because they were qualitative (descriptions based on case study data) or focused on statistical methods in SWP, a topic that falls outside the scope of this report.
The importance of integrating SWP with the business

One of the clearest themes across SWP research is the importance of integrating SWP with business strategy and planning. Throughout this report, there is evidence that the more closely SWP is integrated with the business—in the company’s annual planning calendar, in the kinds of data used in SWP, in the challenges SWP helps leaders solve, in SWP’s reporting relationships, and in the metrics used to assess SWP’s value—the greater its impact.

The skills required to engage in SWP

The good news for companies is that they don’t have to ponder long about what to look for, although finding the right talent may be a challenge. There is strong consensus that leading SWP requires business knowledge, analytical skills, change leadership, and other kinds of expertise.

What can researchers learn from SWP research?

By taking the time to investigate previous research on SWP, researchers can determine which questions are still worth asking and which are not. They can identify SWP-related topics that haven’t been studied yet but should be. They can also avoid the limitations found in prior SWP research, which are discussed at the end of this section.

Here are some suggested directions for future research:

1. **Who’s doing SWP?** Every survey on SWP asks and should continue to ask this question, as the adoption of SWP is still relatively new and is likely to continue for the foreseeable future. It’s what companies always want to know, particularly if the results can be cut by region, industry, and company size.

2. **How long have they been doing SWP?** This can be trickier to measure, and it definitely requires a clear definition of terms. Collecting this data would be extremely useful, however, as it would provide one yardstick for measuring how SWP develops and changes in organizations over time.

3. **How mature are companies’ SWP practices?** Surveying companies about specific elements of SWP—such as demand forecasting, scenario modeling, and workforce segmentation—will not only produce insights about these methods, but will also assess SWP maturity. Having these insights will, in turn, enable researchers to answer questions that many practitioners ask: Who’s good at SWP? Is SWP more common in certain industries or regions than others?

4. **To what extent are SWP longevity and SWP maturity related?** Arguably one of the most interesting findings to date is this one from Infohrm [2009]: The robustness of companies’ workforce planning processes was unrelated to how long they had been doing workforce planning. Organizations may progress along the maturity curve at different speeds; some reverse direction and others may stop doing SWP altogether. By capturing data about both the length of their SWP experience and the maturity of their SWP capabilities, survey research can tease apart these factors and avoid conflating them.

5. **What’s the role of context?** Our critique of SWP research (see page 7) notes that few studies consider how context influence SWP practices. Qualitative research and anecdotal evidence can be used to develop some initial ideas about how macro-level or micro-level factors affect SWP. Surveys could be used to test these relationships. For example:
   - How did the economic downturn affect the adoption and evolution of SWP?
   - What kinds of business challenges, work structure, or processes serve as an accelerant for SWP?
   - Is SWP less effective in addressing other kinds of business challenges or in other work or process contexts?

Or these:
   - Does an organization’s overall comfort level with data and analytics influence how it adopts and uses SWP?
   - Do companies that have already learned how to develop, mine, integrate, and apply business intelligence in other areas tend to adopt SWP more readily?
   - Are they less likely to be stymied by data and technology challenges?
   - Can companies develop a culture of analytics that eventually pervades the enterprise, much as total quality management did in the 1980s and 90s?

6. **How should SWP be structured?** Surveys should continue to investigate where the SWP function is located, as there is some evidence that this may change over time (Infohrm 2009) or be related to workforce planning’s perceived value (Infohrm 2008). Future research should explore the governance structures that companies establish to oversee SWP and approaches to building stakeholder involvement.

Qualitative research by The Conference Board describes how SWP leaders often build credibility and support for SWP through informal partnerships with other functions such as corporate planning, finance, supply chain management, real estate, or enterprise risk management. Future surveys could assess the prevalence of such partnerships in relation to SWP longevity and maturity and to outcomes such as SWP’s perceived business value.

A related question that companies often ask concerns the organizational level where SWP should be conducted: enterprise, business unit, or geography? Case study research by The Conference Board concludes that the decision may be different for each company and should reflect its fundamental governance structure for making strategic decisions. Survey research could investigate current practices.

7. **How should SWP be staffed?** What skills and experience must be represented on the team? Which are most difficult to find? Where do companies source talent for SWP? Although there is already a fair amount of research on this topic, it is worth continuing.

---

As data and analytics become increasingly important across many functions, competition for data scientists and other analytical talent is likely to increase. Companies can benefit from learning how others have found or developed people who are effective in SWP.

8 How do we develop the skills and confidence of those who use SWP tools and output? There has been relatively little research on this topic, with the exception of Aberdeen Group’s 2012 report. Yet this is clearly one of the biggest challenges for companies that want to become better at SWP. How do SWP team members, HR business partners, other HR executives, and line leaders become comfortable and competent consumers of SWP data?

9 Who should have access to SWP data, tools, dashboards? This question is closely related to the two preceding topics. Initially, the SWP may protect its workforce data as a closely held asset. Yet the ultimate goal is to make SWP a tool that helps business leaders make better decisions. What does it take to get there? How do companies protect the integrity of their data and the quality of workforce analytics without giving away the store?

10 How should the output of SWP be communicated? One of the most common criticisms of inexperienced SWP practitioners is that they can’t tell a good story with the data. Nor are they good at teaching others to do so. Research on SWP communications might include questions about technology (dashboards and dynamic reporting), analytical skills, business acumen, informatics (the visual display of statistical information), and storytelling.

A Critique of SWP Surveys, 2007-2012

Both practitioners and researchers can learn from the 24 studies included in this report. It’s important to acknowledge, however, that most of the surveys were conducted by consulting firms. Some of the research has shortcomings. Here are some examples of problems that future SWP researchers should avoid.

1 Fuzzy terms, or what academic researchers call “lack of conceptual clarity.” It’s important to clearly define terminology, especially when it is unfamiliar or easily confused with something else. Relatively few studies defined workforce planning or differentiated between strategic and operational approaches. As a result, we learn less than we might have had key terms been well defined.

2 Simplistic assessments SWP is not a dichotomous variable that can be answered by a simple yes or no. Asking “Does your company do SWP?” leads to reductive answers. When this question is followed by others about specific components of SWP (such as assessing supply, forecasting demand, analyzing gaps, modeling scenarios, using workforce segmentation), the research contributes to building a more nuanced understanding of current practices.

A related shortcoming is asking respondents to choose among several options that are not mutually exclusive. One survey instructed companies to categorize their workforce planning efforts in one of four ways: headcount focused, short-term/tactical, gap focused, or scenario focused. How should an organization answer if it uses scenarios and also assesses gaps?

A different survey created an artificial dichotomy by asking companies to indicate the extent to which SWP helped them make specific types of forecasts “versus no planning at all.” It is difficult to believe that any organization does “no planning at all.” Posing the question this way drives respondents to choose the only other available option, thereby skewing the results.

3 Inadequate survey samples The majority of surveys provided statistics on the composition of their survey sample: revenues, number of employees, industry, and headquarters. Yet few studies discuss how representative their survey responses are and the extent to which their research findings can be generalized to other organizations.

In truth, the samples used in organizational research are most often suboptimal. For countless reasons, ranging from the researchers’ access to organizations to mounting “survey fatigue” among respondents, the companies that ultimately complete the survey are unlikely to mirror the population of organizations. Experienced researchers know this and explicitly discuss the limitations of their survey sample.

In conducting research to understand how companies assess and manage human capital risk, for example, The Conference Board surveyed executives in many areas of HR, including those who had participated in our previous research working groups on SWP or were members of one of our SWP councils. This meant that early adopters of SWP were disproportionately represented in our survey sample, a limitation noted in that research report.4

It’s also important to consider how the organization conducting or sponsoring the research influenced the research outcomes—unwittingly or otherwise. A second concern about sampling in SWP survey research, therefore, is that most studies were conducted by firms that provide consulting, technology, or both to help clients implement SWP: Accenture, Boston Consulting Group (BCG), Camden Delta, Deloitte, Hewitt, IBM, Institute for Corporate Productivity (ic4p), Inforhsm, Manpower, Mercer, PricewaterhouseCoopers (PwC), and Sibson Consulting. The greatest market opportunities for these firms is likely to be at the low end of the SWP experience curve. Companies with more advanced SWP practices have found their own way or have already chosen a consultant or vendor.

But how does this target market affect the picture of SWP that we’ve pieced together in this report? Do the findings overstate the immaturity of SWP because that is the population most accessible to SWP solution-providers? Or do they overreport companies’ interest in SWP for exactly the same reason?

---


www.conferenceboard.org

RESEARCH REPORT FIVE YEARS OF STRATEGIC WORKFORCE PLANNING RESEARCH 7
A third concern about the survey samples used in SWP research is their size, which ranged from 68 to 5,561 respondents in the studies we reviewed. Often the sample is too small to allow comparisons based on industry, revenues, number of employees, or region. Yet these are the kinds of comparisons that companies are eager to see.

4 **Lack of longitudinal data** Most research on SWP presents a snapshot of a single point in time. This limits our ability to see what happens over a number of years. Do companies make steady progress in building their SWP capability, or do some abandon the process altogether?

5 **Little consideration of context** Few studies have looked at the ways in which context can influence the adoption, acceleration, or deceleration of SWP. Macro-level trends such as the economic downturn could make it harder for SWP to engage business leaders in long-term planning. Alternatively, such changes may create a new urgency for using workforce analytics and modeling to make optimal use of resources.

At a more micro level, some business models and ways of organizing present challenges that SWP may be particularly adept at dealing with. For example, professional service firms need to be extremely efficient in matching project teams to customer requirements and deploying talent efficiently to reduce labor costs and minimize downtime. The sheer volume of matching problems and the pressure to protect margins by making optimal matches give such companies powerful business reasons to become good at SWP.

6 **Unsupported conclusions** The most common approach to studying SWP is to measure the number (or percentage) of companies that engage in specific practices. Some SWP research has conducted a more sophisticated analysis comparing subsets of their survey sample using the criteria shown in Table 1.

**Table 1**
Criteria for categorizing companies in SWP survey research

<table>
<thead>
<tr>
<th>Study</th>
<th>How companies are categorized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infohrm 2007</td>
<td>Extent to which firms are prepared for the potential loss of skills, corporate knowledge, and leadership</td>
</tr>
<tr>
<td>Infohrm 2008</td>
<td>Companies that said workforce planning gave their organization a competitive advantage (46%) vs. those that did not (54%)</td>
</tr>
</tbody>
</table>
| Aberdeen 2008  | Best-in-class, industry average, and laggards based on:  
  • Employee retention  
  • Workforce capacity utilization  
  • Increased employee performance  
  • Improved skills availability |
| IBM 2010       | “Financial outperformers” vs. other companies based on 2003-2008 compound annual growth rate in earnings before interest, taxes, depreciation and amortization (EBITDA) |
| Infohrm 2009   | Leading, emerging, and lagging organizations scored on four criteria:  
  • The business sees workforce planning as highly valuable  
  • Ability to demonstrate the value of workforce planning  
  • Ability to measure the ROI of workforce planning  
  • Ability to use workforce planning for competitive advantage |
| BCG 2010, 2011 | Four performance categories based on companies’ self-reported three-year growth in revenue and profitability |
| Deloitte 2012  | Self-assessed quality of overall talent management program                                      |
| Aberdeen 2012  | Best-in-class, industry average, and laggards based on:  
  • % of organizational KPIs achieved in past year  
  • % of employees who receive “exceeds expectations” or better rating in most recent performance review  
  • % of key roles with at least one ready and willing successor identified customer wait time at the point of sale |
| ic4p 2012      | Self-reported performance over five years in revenue growth, profitability, customer satisfaction, and market share |
| PwC 2012       | Self-assessed comparison to industry average in terms of productivity, profitability, and agility |
Such categorizations enable researchers to test whether certain variables are related to one another; for example, “High-performing organizations are more likely than low performers to engage in SWP.” If that’s the only inference they draw (and the evidence supports it), then the research has not crossed over the line of credulity. But some research does not stop there. It makes the unjustified claim that one factor causes the other. Here are several verbatim examples (which we choose to list without attribution). In none of these cases does the data analysis support the conclusion.

“...improvements in productivity and profitability are due to the fact that SWP creates greater transparency... and enables concrete measures to be taken to close gaps....”

“Using software for workforce planning significantly increases impact.”

“Senior leadership endorsement of an organization’s strategic workforce planning process appears to have a direct impact as to whether it is viewed as a critical business process.”

While the SWP community is still small, it is rapidly expanding. Better SWP research can be the rising tide that lifts all boats, including those of practitioners, vendors, and other researchers.

**Toward Better SWP research**

While this report focuses on quantitative (survey) research, it’s important to note that qualitative research (such as case studies) can contribute much to our understanding of SWP and to company practices. Some topics are better suited to one of these methods; others would benefit from a combination of quantitative and qualitative data. Choosing the most appropriate methodology is an important research consideration.

Perhaps our strongest recommendation, having carefully reviewed five years of SWP surveys, is that future research should explicitly discuss its findings in the context of previous studies. What’s similar? What’s different, and what might explain the difference? What’s most surprising? And what deserves additional research? This disciplined approach will help ensure that future SWP surveys generate useful, new knowledge, rather than simply serving as marketing collateral for firms that deliver SWP products and services.
The Elements of SWP

No credible research review can begin without clearly defining terms. It’s particularly important in this case because SWP is still a new discipline, one that is both less familiar and less widespread than earlier approaches to workforce planning. The Conference Board’s definition of SWP was developed with practitioner input and has since been adopted by many companies.

**SWP defined:** Strategic workforce planning connects HR strategy and practices to business strategy to ensure the company has the right people in the right place at the right time and at the right cost.

Another reason it’s important to define SWP is that practitioners, vendors, and researchers may use alternative terms, such as human capital planning (3M, Corning, Mercer), human capital risk management (Royal Bank of Scotland), workforce management (IBM, Deloitte), optimization (CedarCrestone), or even the old-fashioned term “manpower planning” (Saudi Aramco). Manpower uses the term “workforce scan,” while SHRM and AARP employ “strategic workforce planning assessment.” Some organizations say “succession planning” even when they’re talking about the entire workforce. For the purposes of this meta-analysis, research results are reported here using the terminology employed in each study.

**CONCLUSIONS**

A striking number of studies of SWP (by whatever name) do not define the term. Failing to do so raises reasonable doubts about the research findings, since it’s unclear whether the researchers’ questions and survey respondents’ answers are referring to the same thing.

Among the studies that do define SWP, there is little or no disagreement that SWP is qualitatively different from more traditional approaches. Nor is there any disagreement about the elements that make it so. Exhibit 1 shows what differentiates strategic workforce planning from operational workforce planning.

**Practical implications**

Companies should recognize that SWP differs from traditional workforce planning and clearly articulate its business value above and beyond that of operational workforce planning. They should anticipate comments along the lines of “We already do that” and be prepared to explain how SWP differs from operational workforce planning.

**Research implications**

Future research should explicitly define different types of workforce planning to ensure the validity of the findings.

**Exhibit 1**

Operational vs. Strategic Workforce Planning

<table>
<thead>
<tr>
<th>OPERATIONAL</th>
<th>STRATEGIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose: forecast short-term headcount</td>
<td>Purpose: produce information and insights to support strategic business decisions.</td>
</tr>
</tbody>
</table>
| Focus on detail and precision | Focus: dialogue with senior executives regarding:  
  • Business strategy  
  • Workforce implications  
  • Integrated with business and budget planning |
| Output: headcount and staffing plans | Output: “directional” numbers |
| Planning period: 6 months to 2 years | Longer planning period: 2 to 5 years |
| Built on one set of assumptions (single scenario) | Multiple scenarios considered |
Details

- Infohrm (2008) defined workforce planning as “a strategic process” that includes “workforce demand and supply forecasting exercises based on consultation with senior and line managers; a planning horizon that extends beyond the immediate budget period; and alignment with business planning and strategy.”

- Mercer (2010) defined human capital planning as a process designed to identify workforce needs in alignment with business strategy, develop and execute an action plan, and define success and measure plan outcomes.

- PwC (2012) differentiated SWP from operational workforce planning as a method that looks three to five years ahead and is linked to business strategy and outcomes.

- SHRM/AARP (2012) defined strategic workforce planning assessment as “evaluating an organization’s current and future talent needs using workforce modeling and scenario planning to identify potential skills gaps and talent shortages.”

- ic4p (2011) carefully delineated several different approaches to workforce planning:
  - Strategic workforce planning “that looks three to five years ahead and focuses on business planning, needs assessment, and helping to create competitive advantage.”
  - Tactical workforce planning produces staffing plans, budget reconciliation, and training schedules for the coming year.
  - Operational workforce planning, the “most basic form,” looks less than a year ahead and focuses on headcount forecasting, scheduling/coverage, and staffing requisitions.

Who’s Doing SWP?

Numerous surveys have assessed the prevalence of SWP, a topic of perennial interest to practitioners.

CONCLUSIONS

A growing number of companies are engaged in some form of workforce planning, although most have limited experience. Many others plan to implement SWP in the future.

It’s unfortunate that most surveys have been one-time efforts. Each asks different questions—or asks similar questions differently—and captures results from a different survey sample. As a result, these individual snapshots can’t be spliced together to show the chronological progression of SWP from 2007 to the present.

There are exceptions, however. Most notable are Infohrm’s three annual surveys, which ended in 2009 when the company was acquired. The Boston Consulting Group, Aberdeen Group, and ic4p have investigated SWP practices at two or more points in time. It is unclear, however, how much continuity there was within their survey samples, and survey questions differ from year to year. Aberdeen also used different criteria to categorize companies in its two workforce planning surveys, further limiting a comparison of findings.

CedarCrestone’s conducts an annual survey of HR technology. However, it focuses on SWP applications rather than SWP practices or capabilities.

Practical implications

Clearly, SWP is not a fleeting fad; rather, it is an extension of the growing use of data and analytics in many functions, from supply chain management to process optimization.

Research implications

Since companies perennially ask how many other organizations are doing SWP, research should continue tracking its adoption. Companies are also interested in comparisons based on region, industry, and company size. Larger survey samples would make possible this analysis.

---


Details

Most of the studies included in this meta-analysis asked companies whether they were conducting SWP or, in some cases, whether they performed specific elements of SWP, such as gap analysis, scenario planning, or workforce segmentation, which are discussed later.

- Infohrm (2007) found that just 24 percent of participating firms had implemented workforce planning to a large or very large extent. An additional 43 percent did workforce planning to some extent. In a regional comparison, Asia-Pacific firms were the most likely to have a formal workforce planning process and those in the U.K./Europe were the least likely. Of firms that felt prepared for future skills loss, 43 percent had a formal, integrated workforce planning process. Of the unprepared firms, 92 percent lacked such a process.

- Half the companies that Infohrm surveyed the following year (2008) were conducting SWP. Of those that did not, 63 percent said they planned to begin within the next year.

- Hewitt and HCI (2008) found that 69 percent of companies conduct workforce planning enterprise-wide to some or a considerable degree, but just 15 percent did so consistently throughout the organization. Surprisingly, 20 percent of the companies did not forecast either supply or demand for any segment of their workforce.

- Aberdeen (2008) reported that 28 percent of companies it surveyed had no formal workforce planning strategy.

- In the 2009 iteration of Infohrm’s survey, 60 percent of companies were doing workforce planning. Of these, 24 percent had been at it for less than a year, 37 percent for one to two years, 23 percent for three to five years, and 26 percent for five years or more. Over half (54 percent) the companies that were not yet doing workforce planning said they would do so within the next two years. One of the survey’s most surprising findings was that, overall, companies with more years of experience in workforce planning didn’t have a more robust process than those with less experience. Those with one to two years of experience (8 percent), three to five years (10 percent), or more than 5 years (10 percent) were about equally likely to earn designation as leading organizations based on their workforce planning practices. With added experience, however, companies were more likely to be categorized as emerging and less likely to qualify as laggards.

- According to a 2009 survey by i4cp, 70 percent of companies were doing “some form of workforce planning.” Of those that were not, 43 percent planned on doing so in the future.

- At the peak of the economic downturn, 44 percent of companies surveyed by Accenture (2010) said they had increased the use of workforce planning during the previous 12 months and 41 percent that they had made no changes to that practice. Just 11 percent said that workforce planning had been reduced during the past year. Almost half (47 percent) planned to increase workforce planning, more than planned to increase 11 other talent management practices, and 40 percent said they would maintain SWP at a steady level.

- In a 2011 study by the Boston Consulting Group (BCG), companies rated their current capabilities in SWP relatively low. High-performing companies conducted more SWP projects than lower-performing firms.

- PwC’s (2012) survey of European companies found that 79 percent of companies were doing SWP. Of these, 21 percent had done so for less than a year, 26 percent for one to two years, 15 percent for three to four years, and 17 percent for five years or longer.

- Deloitte (2012) found that current SWP capabilities lagged behind SWP’s priority ratings. Overall, less than a third (29 percent) of companies claimed to have global workforce management as a capability, although 41 percent identified it as a priority. Among companies with (self-assessed) world-class talent programs, 66 percent said global workforce management was a priority.

- While 76 percent of organizations reported “workforce planning activities,” just 22 percent of organizations were doing strategic workforce planning, 36 percent were doing tactical workforce planning, and most (52 percent) were conducting operational workforce planning (i4cp 2012).

- Aberdeen Group (2012) reported that 68 percent of companies it surveyed “were actively using human capital management analytics to gain insights into the workforce and drive planning initiatives.”

- According to a 2012 survey conducted jointly by the Society for Human Resources Management (SHRM) and AARP, 66 percent of organizations with at least 25,000 employees used SWP, substantially more than those with a smaller workforce. While 40 percent of all respondents said their organizations did SWP, the survey sample was highly skewed toward small organizations. Three-quarters of the companies had fewer than 2,500 employees, in marked contrast to the other studies reviewed here.

---

SWP Capabilities

Companies that have implemented SWP often refer to their “SWP journey.” That’s because implementation is inevitably a multiyear process. Typically, it takes three to five years for SWP to gain widespread credibility and for users (first the SWP team and HR executives, later business leaders and their HR business partners) to capitalize fully on SWP as a business process.

The basic architecture of SWP is simple: Project future workforce supply. Project future demand. Compare these to each other. Then map out a plan to reduce specific gaps or gluts in talent. Without all four elements, organizations aren’t getting the full value of SWP. Often, however, companies develop their SWP capabilities in incremental steps. They may focus first on the supply side, initially captured in terms of headcount and cost, and eventually moving toward an inventory of skills and competencies. Demand is often harder to get right, owing to the myriad factors that are unknown or could change, or that are outside the company’s control.

Once these elements are in place, companies may continue to improve their methods—for example, by adding environmental scanning, workforce segmentation, and scenario planning, or by introducing more sophisticated statistical methods.

Several studies that compare companies based on the maturity of their SWP process (Infohrm 2009) or on their business performance (ic4p 2012; Aberdeen 2012) suggest that the top-ranked companies not only focus on skills and competencies in SWP, they are also more likely to use workforce segmentation and scenario modeling. These findings are consistent with The Conference Board’s SWP Maturity Model (see Exhibit 2), a framework that describes the iterative process by which SWP advances from the early to middle to mature stage of development. The elements of this evolution are shown in the model’s left column.

Exhibit 2
The Conference Board’s SWP Maturity Model*

<table>
<thead>
<tr>
<th>DIMENSION</th>
<th>EARLY</th>
<th>MIDDLE</th>
<th>MATURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reach</td>
<td>Pilot project(s)</td>
<td>Enterprise wide</td>
<td>Key supply chain partners</td>
</tr>
<tr>
<td>Planning period</td>
<td>12 to 18 months</td>
<td>2 to 3 years</td>
<td>3 to 5 years+</td>
</tr>
<tr>
<td>Who drives?</td>
<td>HR</td>
<td>Business units with HR support</td>
<td>Senior executives</td>
</tr>
<tr>
<td>Scope</td>
<td>All or critical jobs</td>
<td>Selective focus on critical jobs/skills</td>
<td>Internal talent plus some external (contingent workers)</td>
</tr>
<tr>
<td>Prerequisites</td>
<td>Critical business issue that SWP can address</td>
<td>Integration with business planning, strategy</td>
<td>Common taxonomy of job/skills</td>
</tr>
<tr>
<td>Inputs</td>
<td>Workforce data</td>
<td>Business strategy</td>
<td>Data and metrics re suppliers</td>
</tr>
<tr>
<td>Outputs and outcomes</td>
<td>Workforce analytics, forecasts, action plans</td>
<td>Alternative scenarios</td>
<td>Input to business strategy and planning</td>
</tr>
<tr>
<td>Communication</td>
<td>Push: HR/SWP deliver reports to business</td>
<td>Pull: Business units can generate own reports, models, scenarios</td>
<td>Employee access to selected areas?</td>
</tr>
</tbody>
</table>

* For a more detailed version of the SWP Maturity Model and a related discussion, see Mary Young, Implementing Strategic Workforce Planning, The Conference Board (2009): 16-25.

Assessing Supply

The most fundamental question that companies need to answer about their workforce is “How many people do we have?” They need to know this for the enterprise as a whole and also by region or country, business unit, function, department, and job role. Perhaps they can project what their workforce supply will be in the future, based on historical patterns of attrition and movement within the organization. With greater sophistication, they can assess supply against the organizational capabilities required by the business, looking at skills and competencies in addition to headcount or full-time equivalents (FTEs).

CONCLUSIONS

Overall, companies are more likely to measure headcount, rather than skills and capabilities, when they first attempt to analyze current supply or make future forecasts. It is challenging enough for many organizations to establish a “single version of the truth” in regard to workforce numbers, as discussed later in the section on obstacles. Research confirms that relatively few companies have progressed to the stage where their assessment of talent supply focuses on critical roles or hot skills, or analyzes external as well as internal supply, or investigates workforce dynamics such as the movement of talent through the organization.

Practical implications

For many companies, establishing credible, consistent workforce numbers is one of the initial challenges in SWP. Once that's accomplished, they should decide what other kinds of information they need to capture—for example, skills, experience, performance, and mobility—in order to fully understand and manage their internal workforce supply.

Research implications

To go from inventorying talent by headcount to being able to look across locations or business units to find specific skills or experience profiles, independent of employees’ current job titles, is a huge step in the maturation of a company’s SWP capabilities. Future research should compare companies that have developed this capability to those that have not in terms of their satisfaction with SWP, SWP’s impact on HR decisions, and the company’s ability to redeploy talent in response to changing business needs.

Details

- Infohrm (2007) found that companies were more likely to forecast future talent supply in terms of headcount (FTE) rather than skills and concluded that this was because they lacked a common skills taxonomy that would allow them to see and manage this aspect of workforce supply. Organizations that forecasted both headcount and skills supply were more likely than companies that did not do so to feel prepared to meet their talent needs over the next five years.
- Aberdeen (2008) found that 65 percent of best-in-class, 42 percent of industry average, and 26 percent of laggard organizations analyzed current workforce capabilities to enhance their recruiting process.
- Less than 15 percent of companies surveyed by IBM (2008) could very effectively identify individuals with specific skills in their organization.
- Just over half (52 percent) the companies surveyed by Infohrm (2009) forecast supply to understand the internal flow of talent. The majority of leading (69 percent) and emerging (54 percent) organizations analyzed both internal and external supply, compared to just 32 percent of laggards. The majority of companies (59 percent) surveyed forecast future job competencies, capabilities, and skills as well as headcount numbers.
- BCG (2010) found that 15 percent of companies forecasted their future talent supply. Of these, the majority analyzed current job groups (72 percent) and the age composition of their workforce (62 percent). Less common were supply models that simulated attrition (36 percent) or that analyzed supply for specific jobs (36 percent).
- Aberdeen (2012) asked companies to characterize their workforce planning efforts in one of four ways: headcount focused, short-term/tactical, gap focused, or scenario focused. Laggards were most likely to focus on headcount or short-term workforce planning, or not to do workforce planning at all.
Forecasting Demand

Traditional (operational) workforce planning calculates future headcount needs based on historical data. Strategic workforce planning starts with the business strategy and with the challenges and uncertainties that the organization must be prepared to address. Then it identifies what capabilities the organization will need and, finally, the implications for the workforce—that is, the demand for talent, not only in terms of headcount but also skills.

Demand forecasts may be qualitative (What are the potential game-changers for our industry? What capabilities will we need as an organization? What does that mean for talent?) and/or quantitative (How many people, of what kind, with what skills, in what locations?). Demand forecasts can focus on new jobs and talent segments or existing ones.

Details

- Infohrm (2007) found that companies were more likely to forecast future demand on the basis of headcount rather than skills. Again, those that felt well prepared for the future were more likely than unprepared companies to forecast both types of demand.
- Less than half of respondents in Infohrm’s 2008 survey conducted demand forecasting. Of those that did, 41 percent used only qualitative methods, 42 percent used a mixture of qualitative and quantitative methods, and 15 percent used quantitative exclusively.
- Only 13 percent of companies said they had a very clear understanding of the key workforce skills required in the next three to five years (IBM 2008). About half said they had a clear understanding, while 41 percent had some or no understanding.
- Just 10 percent of companies forecasted their needs for front-line managers and critical nonmanagement roles looking three or more years ahead (Hewitt 2008).
- Aberdeen (2008) found that best-in-class companies have a deeper understanding than others of their future workforce demand. Seventy-one percent have a clear understanding of the core competencies currently required in key roles, compared to 55 percent of industry average and 42 percent of laggards. Forty-two percent have a clear understanding of their future workforce requirements, versus 28 percent of industry average and 19 percent of laggards. And 54 percent of best-in-class firms assess actual workloads that will be created by new initiatives and company growth—more than twice as many as industry average (26 percent).
- More than half of companies (52 percent) included future job roles—that is, those that don’t exist today but are expected to in the future—in their workforce plans (Infohrm 2009).
- BCG (2010) reported that only 9 percent of companies modeled workforce demand as well as supply. Those that did so were more likely to focus on current job groups (70 percent) than to simulate productivity increases (45 percent) or technology changes (39 percent).
- Just 39 percent of companies that participated in IBM’s 2010 CHRO survey were able to forecast labor requirements based on demand for products and services.

CONCLUSIONS

The evidence suggests that few companies can forecast talent demand, and still fewer can do so based on changing business demands, such as shifting markets, different rates of economic growth, or new customers, products, competitors, or technologies.

Practical implications

Many companies will find it difficult to forecast workforce demand very far in advance, given uncertainties both within their organizations and in their operating environments. Fortunately, scenario planning and other tools (discussed later) can help the SWP team engage business leaders in productive discussions that flesh out the range of variability in demand for which the organizations need to prepare.

Research implications

Given that it’s important for companies to project demand in terms of skills and job roles, as well as headcount, qualitative research could investigate how companies overcome the obstacles to doing so.
Identifying Gaps

Once companies can model supply and demand, the obvious next step is to identify the gaps.

Details

- Infohrm’s 2007 survey found that those companies that felt prepared to meet future talent needs were more likely than unprepared companies to analyze the gap between supply and demand.
- Aberdeen (2008) reported that 39 percent of best-in-class, 32 percent of industry average, and 29 percent of laggards understood the gap between their workforce’s current skills and competencies and future needs. It is surprising that there was so little difference between the three groups. One possible explanation is that the criteria by which companies were categorized (see Table 1, page 8) were unrelated to SWP.
- Companies surveyed by Sibson Consulting (2010) were about equally likely to say that HR could forecast and quantify the gaps between supply and demand (40 percent) as to say HR could not do so (41 percent).
- IBM’s 2010 CHRO study found that just 43 percent of participating companies evaluated supply and demand on an ongoing basis.
- European companies surveyed by PwC (2012) were somewhat more likely to do a headcount gap analysis (72 percent) than a skills gap analysis (61 percent).
- The SHRM/AARP study (2012) reported that just 36 percent of companies could identify potential skills gaps over the next five years.
- Aberdeen (2012) found that workforce planning was significantly more likely to be gap focused at best-in-class companies (46 percent) compared to industry average (32 percent) and laggards (28 percent).

CONCLUSIONS

Given that forecasting workforce demand remains a challenge for many companies, it’s not surprising that research consistently finds that relatively few can do a workforce gap analysis, although that is one of SWP’s fundamental purposes.

Practical implications

Unless companies can assess talent gaps that might affect their performance, it may be difficult to maintain support for SWP over time. Such analyses, and the subsequent actions they inform, are the payoff. Companies may find it easier to conduct a gap analysis for those segments of the workforce with the greatest impact on strategic capabilities.

Research implications

Research should continue to track companies’ progress in this area, as the ability to identify and prioritize capability gaps is an important milestone in implementing SWP.
Segmenting the Workforce

Workforce segmentation is used in SWP to identify and prioritize critical roles, skills, or other subsets of the workforce based on their business impact or talent scarcity so that resources can be allocated where they will have the most impact.

Details

- Aberdeen (2008) found that 55 percent of best-in-class, 32 percent of industry average, and 19 percent of laggards have a clear understanding of how specific job roles affect corporate productivity.
- Forty percent of companies surveyed by Infohrm (2009) conducted workforce planning on critical roles.
- Roughly 40 percent of organizations that participated in Camden Delta’s 2011 survey said that their workforce planning was focused on defining critical workforce segments and capabilities, although this was more so for private and public-sector companies than nonprofits.
- Aberdeen’s 2011 study on talent acquisition found that 72 percent of best-in-class organizations had identified which roles were most critical to organizational success—44 percent more likely than other companies.
- Surprisingly, workforce segmentation was the most common component of SWP—more common, even, than analyzing labor costs—in PwC’s 2012 survey of European companies. One explanation is that PwC’s definition of segmentation (“identifying and analyzing specific groups of employees, such as high potentials”) may have skewed the survey results.

CONCLUSIONS

Workforce segmentation is more widespread than scenario modeling or even gap analysis. This finding can be explained by the fact that companies may segment their workforces for a variety of reasons, not solely in conjunction with SWP. Organizations may also find it less daunting to undertake SWP if they do so for critical segments rather than for their workforce overall.

Practical implications

Companies that have already identified scarce or critical skills as part of their talent management strategy can incorporate this work into SWP. Organizations that haven’t focused on key talent segments will find that it gives them a systematic way to align their HR strategy with the priorities of the business.

Research implications

Research on obstacles to SWP (discussed later in this report) has not found workforce segmentation to be a leading challenge. One explanation is that the research results reflect a low level of SWP maturity within the survey sample. Anecdotal evidence suggests that identifying critical skills or roles can be a politically charged undertaking in some organizations and requires the engagement of business leaders in order to “stick.” As companies gain additional experience in SWP does workforce segmentation become a more common issue?

Survey research should explore whether companies that focus on critical segments in SWP believe the process adds more value than do companies that don’t use segmentation.

Modeling Scenarios

Faced with uncertainties about the future, organizations can use scenarios to model a range of possible futures. Scenarios can also be used to model different human capital strategies and assess their long-term impacts before choosing the best options.

CONCLUSIONS

Overall, research has consistently found that relatively few companies use scenario planning as part of SWP, although they may plan to in the future. This conclusion is consistent with the SWP Maturity Model, in which scenario planning follows SWP’s integration with business planning, at the middle stage of SWP maturity.

It’s important to note that scenario planning is not consistently defined across the studies cited. Mercer (2009) asked about the use of “business scenarios,” while Aberdeen (2012) asked about human capital management scenarios. Nor is it always clear who is generating the scenarios—the business, HR, or some combination of players.

Practical implications

As companies gain experience in SWP, they are likely to make greater use of scenarios. Case study research by The Conference Board describes how Starbucks, UBS, and Saudi Aramco have used scenario modeling as part of SWP. In many companies, functions such as corporate planning, risk management, and budgeting may be experienced in scenarios and able to coach the SWP team or integrate workforce issues into their existing scenario discussions with business leaders.

Research implications

Future research should continue to track the use of scenarios.

- Does scenario planning increase as companies master the fundamentals of SWP?
- Is it easier to establish scenario planning as part of SWP when the methodology is already used by other functions (such as finance or corporate planning)?

Details

- Infohrm’s 2007 survey found that scenario planning was the least common workforce planning activity for all companies, regardless of how prepared they were for future workforce losses.
- Best-in-class organizations were more than twice as likely (29 percent) as industry-average companies (14 percent) to conduct scenario planning using external and internal data (Aberdeen 2008).
- Three-quarters (75 percent) of “leading” firms surveyed by Infohrm (2009) used multiple scenarios to forecast talent demand, compared to 56 percent of emerging firms and 31 percent of lagging firms. The latter were more likely to forecast demand using a single scenario.
- Just over half the companies surveyed by Mercer (2009) expected to make greater use of business scenarios to develop workforce contingency plans for the coming year.
- CHROs reported that their companies were far better at analyzing historical workforce data than modeling the future (IBM 2010). For example, 35 percent could use historical data to allocate the workforce across the organization, yet only 23 percent could develop future scenarios and forecasts for this purpose.
- BCG (2010) concluded that scenario planning was “severely” underutilized. Of those organizations that modeled demand as well as supply (9 percent), only some could simulate variable levels of technology changes or productivity increases. By failing to model future supply and demand based on alternative scenarios, the report said, “very few companies are in a position to mitigate their capacity risk before a crisis occurs.”
- When Camden Delta (2011) asked companies to identify the current focus of their workforce planning efforts, scenario modeling was the least common choice of six possible options. Less than 10 percent of public and private sector organizations used scenario modeling in workforce planning and virtually no nonprofits did so.
- Less than one-third (28 percent) of companies surveyed by PwC (2012) modeled what-if scenarios.
- Aberdeen (2012) found that 59 percent of best-in-class companies modeled HCM data for strategic planning purposes, versus 35 percent of industry-average companies. Among best-in-class companies, 28 percent said that managers—rather than HR or SWP staff—could model multiple scenarios today, and 56 percent plan this for the future.

Driving and Restraining Forces in Building SWP Capabilities

The SWP journey is seldom an effortless vault from the early to the middle stage and onward to the mature stage of development. Many surveys have investigated the challenges that can slow a company’s progress. Many have also inquired about the forces that motivate companies to embark on the SWP journey in the first place and persevere when the going gets tough.

What Drives SWP?

One of the initial challenges in implementing SWP is to persuade others that the process, though demanding, can help them overcome business roadblocks. It’s important, therefore, to understand what motivates companies to undertake SWP.

CONCLUSIONS

Two broad categories of factors dominate the specific drivers of SWP that research has investigated: talent supply and changing business requirements. Two other clusters of factors—aging workforce and restructuring/downsizing—also play a role.

Talent challenges are the dominant driver for SWP. This makes intuitive sense, since SWP translates business strategy into HR strategy and SWP is located typically within HR.

Yet several studies found that business drivers were the most important. What might account for this difference? Infoshrm (2009) offered one explanation. “Leading” organizations—i.e., those in which the business saw workforce planning as highly valuable, the value of workforce planning could be demonstrated and its ROI measured, and workforce planning was seen as a source of competitive advantage—were “less motivated by HR-related issues and tended to cite reasons [for workforce planning] that were aligned with business issues and overall business strategy…This is in contrast to the remaining organisations who reported being more motivated by reactionary drivers related to HR issues and workforce factors.”

Practical implications

Qualitative research by The Conference Board concludes that SWP is most successful when leaders understand the business benefits and use the output to make strategic decisions. Although talent is the most common driver for implementing SWP, establishing the business case helps to ensure that SWP isn’t put on the back burner when short-term pressures usurp executives’ attention.

Research implications

Research should investigate whether business challenges become stronger drivers of SWP as companies gain more experience.

---

Details

*Talent supply* was the foremost motivation for companies to engage in SWP.

- Competition for skilled labor was, by far, the most popular driver for SWP, according to a 2008 survey by Aberdeen. The survey asked about both internal and external pressures. The strongest internal factor driving SWP was retention of existing workers.
- “Shortage of critical skills” and “shortage of available talent” were influential drivers of SWP, according to Infohrm (2009).
- “Scarcity of talent in critical roles” topped the rankings in a survey by Sibson Consulting (2010).
- “Addressing workforce skill/capability gaps” was the strongest motivation based on a Camden Delta survey (2011).
- Demographic changes and the employment market were more important drivers of SWP than “change in company strategy,” according to PwC’s 2012 survey of European companies.

*Business requirements* are the second most important cluster of factors that impel companies to undertake SWP.

- Companies were slightly more likely to say that their workforce strategy was driven by their business strategy than that the former also informed the latter (IBM 2008).
- Business growth tied the skills shortage as the top driver of SWP in Infohrm’s 2009 study. Two other factors—change in business strategy and shortage of critical skills—tied for second place.
- Almost half (45 percent) of companies surveyed by PwC (2012) reported that a change in company strategy was a driver of SWP, while 27 percent identified geographical expansion/relocation and 25 percent indicated business diversification as factors.
- “The need to rapidly realign the workforce”—a realignment presumably oriented toward business needs, although that was not explicitly stated—was the strongest reasons for companies to “make better use of human capital management data,” according to Aberdeen (2012). The need to better align HCM spend with business priorities came in third of eight business pressures.

While the above studies suggest that business needs can be an important driver, other research found that such factors trailed talent-related pressures.

- “Changes in market or industry” was a weaker factor than “competition for skilled labor,” “lack of retired skills in the workforce,” and “changing demographics,” according to Aberdeen (2008).

- Similarly, “growth in international markets” trailed talent-related issues, demographics, restructuring, and layoffs in a Sibson survey (2010).
- And business drivers such as “supporting mergers and acquisitions” and “facilitating growth plans for new markets” were less important as burning issues fueling the need for SWP than “addressing workforce skill/capability gaps” or “aging workforce/changing workforce demographics,” according Camden Delta (2011).

*Demographics* also emerged in some studies as an SWP driver, although it is sometimes unclear whether the term relates exclusively to age or to other demographic characteristics as well.

- Changing workforce demographics was one of the top three external pressures driving workforce planning, according to the 2008 Aberdeen survey.
- “Aging workforce” ranked third out of six factors in the Sibson study (2010) and second out of seven “burning issues” driving SWP in the Camden Delta study (2011).
- Companies that participated in PwC’s 2012 survey chose “demographic changes” more often than any other factor as the most important driver of SWP. In a puzzling paradox, the same survey found that the least important driver was “diversifying the workforce.” One possible explanation is that SWP is implemented most often in reaction to demographic changes (such as the aging workforce), rather than as a tool for changing the demographic profile of the company’s workforce.

Restructuring, layoffs, and downsizing were yet another cluster of factors that emerged as drivers of SWP. It’s important to note that the studies listed below were conducted in a period of economic decline, with attendant pressures on headcount and workforce costs.

- Sibson Consulting’s 2010 survey found that significant organizational restructuring ranked fairly high among the business drivers of SWP, well above layoffs/hiring freezes.
- By contrast, only a small percentage of the companies surveyed by Camden Delta (2011) said organizational restructuring was a burning issue related to SWP.
- Interestingly, downsizing was one of the least common reasons for undertaking SWP, according to Infohrm’s 2009 survey. And it was particularly unimportant to the organizations that Infohrm categorized as “best practice” in SWP, half of which said it played no role at all as an impetus.
Who Drives SWP?

One of the most common challenges organizations face when they implement SWP is engaging business leaders and getting them to see how the process can help them. HR is often the initial force behind SWP. However, as a company moves from the early to middle stage, HR no longer has to push SWP. There is now a pull from business leaders and/or from finance. If that change never occurs and SWP continues to be a drum that only HR is beating, it is likely to be drowned out by other noise.

Details

- Infohrm (2008) analyzed support for SWP at two different levels of the organization: executive management and line management. Companies whose executive management provided an “optimum level of support” for workforce planning were far more likely (71 percent) to believe that SWP served as a competitive advantage than those that lacked executive support (26 percent). The relationship was even stronger for line management. Those reporting optimal levels of support from line managers were much more likely (79 percent) to say workforce planning delivered a competitive advantage than those without support at that level (14 percent). In fact, 71 percent of companies that lacked line manager support said that the process delivered no competitive advantage.

CONCLUSIONS

Although the research on this topic is limited, management support for workforce planning is associated with strong business performance (ic4p 2012) and competitive advantage (Infohrm 2008).

Practical implications

Survey research isn’t particularly helpful in shedding light on how something should be done. Case study research is better at that. Nevertheless, the research findings below provide a basic benchmark that companies can use as a point of comparison.

Research implications

Future research should try to capture some idea of the evolution of SWP over time. For example, how does the current level of support for SWP among stakeholders compare to their level of support when SWP was first introduced? How long did it take to get them on board?

Qualitative research can continue to add value by explaining the processes used to gain top management support for SWP and the lessons learned from experience.

---

12 ic4p, SWP: Practitioner Insights, 2.
Obstacles to SWP

Companies that want to reap the full potential of SWP must overcome a variety of challenges, which many surveys have investigated.

Details

- When Infohrm (2007) asked which factors hinder successful workforce planning, companies that had formal, integrated workforce planning gave equal weight to many different challenges: the idiosyncrasies of business planning, lack of resources, line management commitment, skills of HR staff, quality of workforce data, and senior management commitment. The only factor rated as significantly less important was not knowing where to start. For companies that did not have formal, integrated workforce planning, lack of resources was a greater obstacle than workforce data.

- Nearly half (48 percent) of companies surveyed by Aberdeen in 2008 said that short-term focus was an obstacle to workforce planning—twice as many as cited budgetary constraints (24 percent).

- The leading barriers to using human capital data and information to make workforce decisions, according to an IBM study (2010), were poor integration of human capital systems and poor integration with other systems, such as finance and sales.

- More than 40 percent of companies surveyed by Sibson Consulting (2010) identified lack of technology and tools and lack of a defined method/capability as the biggest barriers to SWP. The next most commonly cited obstacles were data reliability/availability and lack of resources.

- Camden Delta (2011) asked organizations to identify the most challenging aspect of SWP. Responses differed by sector. Those in the public sector said the most difficult aspect was integrating outcomes into resulting human capital plans. Private sector companies and nonprofits indicated difficulty defining the scope and outcomes of SWP.

- Lack of resources was universally cited as the top challenge to SWP, according to ic4p (2012). Technologies that do not share data ranked second. Rapidly changing business environment was the third biggest challenge for all but the companies that ic4p found to be high performers; for these companies, it ranked fourth. Interestingly, high-performing organizations ranked technological barriers higher than did low-performing organizations.

- Almost two-thirds of companies in PwC’s 2012 survey of European companies reported data quality as a challenge to SWP. No other challenge (out of 14) came close. Just over one-third of respondents (36 percent) said that lack of clear methodology and business process and insufficient expertise were problems.

CONCLUSIONS

Data and technology are the most common obstacles identified by research. It's important to note, however, that these issues are typical of the early stage of SWP maturity, and their prominence is likely to reflect the relative immaturity of most companies' SWP efforts at the time of the research. In the future, once companies have gained more experience in SWP, research may find that the challenges that are typical of the middle or mature stages of SWP maturity—for example, incorporating external data about various locations or incorporating contingent workers into the total workforce—are more widely reported than they have been thus far.

Practical implications

Companies are unlikely to encounter obstacles to SWP that are entirely novel or that others haven't already overcome. The Conference Board has published numerous case studies describing how companies have addressed common challenges in SWP. Moreover, the community of SWP leaders is still relatively small, and those with experience are often generous about sharing their lessons learned, whether through webcasts, through conferences or other formal presentations, or through informal discussions on LinkedIn.

Research implications

Future research should investigate the relationship between specific obstacles and how long the company has been doing SWP or the maturity of its SWP process.
The How of SWP

Companies need a compelling reason to undertake SWP. They also need to refine, enhance, and sustain SWP over time. The SWP Maturity Model captures this iterative process in which companies inch their way closer to getting a number of things right.

Types of Data

Internal workforce data

When companies first implement SWP, one of the initial challenges is to establish credible and reliable data that stakeholders (such as finance, corporate planning, and business leaders) can accept as “the truth.”

In decentralized companies with a patchwork of legacy HRIS systems and inconsistent ways of counting or categorizing talent, achieving this alignment can be a protracted battle.13

The problems of data quality and accessibility are leading obstacles to SWP. Here is what research tells us about how companies are using internal workforce data as part of SWP.

Details

• Aberdeen (2008) found that 43 percent of best-in-class organizations had a single data repository for workforce planning data, compared to 30 percent of industry average and 17 percent of laggards. Less than half (38 percent) of all organizations had a standardized process or documented procedures for collecting workforce data.

• Many CHROs surveyed by IBM (2010) said their organizations lacked key elements for managing their talent supply chain. Only about half had a common skills taxonomy (51 percent) or analytics for assessing the quality and availability of specific skills (50 percent).

• Aberdeen’s 2011 assessments study reported that best-in-class companies were 75 percent more likely than others to incorporate employee assessment data into workforce planning.

• Aberdeen (2012) reported that 38 percent of best-in-class organizations had established a single version of the truth in regard to human capital data, compared to 34 percent of industry average and 30 percent of laggards. Again, the relatively small differences among the three groups suggest that the criteria—in this case, measures related to employee performance, succession management, and key performance indicators, as shown in Table 1 (p. 8)—may not have been relevant to the topic of workforce planning.

CONCLUSIONS

There has been relatively little research on how companies collect and manage internal workforce data to establish the oft-aspired-to “one version of the truth.” This is surprising, since data availability and quality, coupled with the closely related topic of technology (discussed later), top the list of SWP challenges. It is also surprising that a minority of top-rated companies in the Aberdeen studies had hit the one-version mark.

Companies must overcome problems with how they count people before trying to inventory skills or create a common jobs taxonomy. The fact that relatively few companies appear to have achieved this reflects the immaturity of their SWP capabilities.

Practical implications

Establishing credible numbers is a critical step in SWP and clearly a priority for any company that hasn’t done so already. Once that’s done, SWP can begin incorporating other kinds of workforce data, for example, about employees’ skills, performance, mobility, and so on.

Research implications

Survey research should assess how confident companies are about the quality and currency of their workforce data and test the hypothesis that, when SWP lacks such credibility, it will have little or no impact on business decisions.

13 For a description of how companies such as Dow Chemical and 3M have overcome these challenges, see Mary Young, Strategic Workforce Planning: Forecasting Human Capital Needs to Execute Business Strategy, The Conference Board, R-1391-06-WG (August 2006) and Young, Implementing Strategic Workforce Planning, The Conference Board, R-1444-09-RR (June 2009).
External labor data

Once a company has a reasonably good handle on its internal talent supply, the next step is often to bring other kinds of data into the picture. The SWP Maturity Model characterizes the integration of external data as a middle-stage enhancement. A recent research report from The Conference Board describes how companies can help business leaders make better location decisions by incorporating external data in SWP. Another report describes how SWP can be undertaken at other levels, for example, by industry groups, professional associations, regions, or countries and by multisector partnerships involving employers, education, and government. These entities can also provide companies with data and analysis regarding relevant labor segments.

What further insights does quantitative research provide?

CONCLUSIONS

Organizations make limited use of external data in SWP. This finding is consistent with the fact that SWP is still a new undertaking in organizations for which the challenges of internal workforce data are a more immediate concern. Companies that do use external data in SWP typically occupy the high end of whatever categorization scheme the researchers used.

Practical implications

While SWP can deliver additional value by incorporating external data, doing so is probably more an aspiration than a near-term priority for most companies.

Research implications

Research should continue to track the use of external data in SWP in relation to other factors, such as how long the company has been doing SWP. Under what conditions are companies most likely to seek external data: A change in business strategy? Significant growth? Considering new markets? Making location decisions?

What sources do they find most reliable and useful?

Qualitative research should also document innovative arrangements for obtaining external data and analysis, for example, through partnerships with other employers, sectors, or industry associations.

Details

- Half of best-in-class companies that participated in Aberdeen’s 2008 workforce planning survey said they track industry trends and events for the purposes of workforce planning, compared to just 34 percent of industry-average companies and none of the laggards.

- Infohrm (2009) reported that 69 percent of leading companies forecast external as well as internal talent supply, compared to 54 percent of emerging and 32 percent of lagging organizations.

- The majority of best-in-class companies (52 percent) integrated external data about skills availability in workforce planning, 2.5 times more than other organizations, according to Aberdeen (2012).

14 Mary Young, Strategic Workforce Planning across National Borders, The Conference Board, 1497-12-RR, July 2012.
15 Young, On the Level, 2011.
Business data

Employee data, in isolation, is of limited use. But when integrated with business data, it can generate information and insights that help business leaders make sounder decisions. As Aberdeen Group concluded in a recent report, “Does it matter if the western region spends more on bonus payments and incentives than the eastern region? Maybe—but what matters more is whether those bonus payments are justified by superior business performance, such as higher profit margins, for example.”16

Business data can be incorporated into SWP for many purposes: to forecast future talent demand, for example, or to investigate the relationship between human capital factors and key performance indicators (KPIs) such as customer satisfaction, safety, or quality. Business data can also be used to develop alternative scenarios and identify the organizational capabilities and talent requirements under each.

Details

• Almost half the companies surveyed by PwC (2012) incorporated assumptions about productivity increases in SWP.
• Among best-in-class companies, Aberdeen (2012) found that 59 percent analyzed relationships between employee data and business performance data, compared to 37 percent of industry average firms and 28 percent of laggards. Similarly, 54 percent of best-in-class organizations integrated talent management data (for example, about compensation or attrition) and business data, compared to 34 percent of industry average and 30 percent of laggards.

CONCLUSIONS

Surprisingly few studies have investigated the extent to which companies incorporate business data in SWP or the specific data they use. This is most likely because most companies are still learning about SWP or in the early stage of implementation. SWP leaders may not be comfortable using or interpreting business data, a challenge discussed in the next section.

Practical implications

To make SWP an asset to business strategy and a tool that helps business leaders make better decisions—not just about talent, but about where to invest resources, locate work, or grow the business—companies should integrate workforce data with business data. One approach is for SWP to partner with other functions such as finance, corporate planning, supply chain management, real estate, or enterprise risk management. Another is to recruit people from these functions to join the SWP team.

Research implications

Future research can help companies enhance their approach to SWP by investigating questions such as the following:

• What kinds of business data and performance metrics are useful inputs to SWP? How do companies use business data to measure the ROI of SWP?
• Where can SWP find this data? Which functions or players can serve as sources of relevant business data and partners or coaches in utilizing it?
• What are the impediments to gaining access to business data and using it in SWP? What structures or processes can overcome these barriers?
Integration with Business Strategy and Planning

The importance of integrating SWP with business strategy is strongly supported by experienced practitioners and consultants. Exhibit 3 shows how business strategy drives SWP, which then translates business strategy into HR strategy, which in turn sets the directions for all of the activities that make up human resource management. This sequence is essential. If SWP is a stand-alone exercise disconnected from business strategy, its impact and value will be limited.

So how well are business strategy and SWP integrated?

CONCLUSIONS

Business strategy and workforce strategy are integrated to some extent at many companies, although such alignment continues to be a work in progress. Based on Infohrm’s annual studies, there is some indication that this integration may have increased over time.

Practical implications

Companies should work toward fully integrating SWP with business planning.

Research implications

Future research should examine whether the level of integration is correlated with business leaders’ support for SWP, SWP’s perceived business value, and its ROI.

The SWP in Action model suggests that, as SWP matures, it becomes an input to business strategy, not just a process that translates business strategy into HR strategy. Research could also assess which elements of SWP—for example, use of business KPIs or clear accountability for addressing the workforce issues identified in SWP—are most highly correlated with SWP’s role as a provider of inputs to business strategy.

Details

- Just 20 percent of companies surveyed by Infohrm (2007) said their workforce planning was integrated with strategic business planning to a large or very large extent, while 35 percent said this was true to some extent. Asia-Pacific companies were the most likely to integrate the two types of planning, and those in the U.K./Europe were the least.
- In 2008, Infohrm again asked about the integration of workforce planning with other business processes: 54 percent said it was “good but room to improve,” while 33 percent answered “limited, plenty of room to improve.”
- A 2008 Hewitt study found that companies were almost equally likely to say that their workforce strategy was integrated with business strategy “to some degree” (38 percent) or “to a considerable degree” (40 percent). However, only 17 percent said this integration was company-wide.
- Slightly more companies (43 percent) said that their workforce strategies were driven by business strategy, compared to 39 percent who said “workforce strategy is both driven by, and provides input into, the overall business strategy,” according to IBM (2008).
- Aberdeen (2008) reported that 22 percent of companies it surveyed integrated workforce planning with the enterprise-level strategic plan, 44 percent did so with the business unit or department’s plan, and 29 percent had no structured workforce planning strategy; “rather, it is randomly developed and administered on an ad-hoc basis only.”
- More than three-quarters (77 percent) of leading organizations said that workforce planning was aligned with their business strategy, a somewhat higher level than found in other studies.
- More than three-quarters (77 percent) of companies in a Manpower study (2010) said that their workforce strategy was aligned with their business strategy, a somewhat higher level than found in other studies.
- Asked whether SWP was fully integrated and aligned with strategic business planning, 62 percent of respondents disagreed or strongly disagreed, according to a study by Camden Delta (2011).
- Closer integration of business strategy and talent strategy was the most common strategic action that companies said they had implemented or planned to implement in response to business pressures, according to Aberdeen (2012).
- The leading benefit of workforce planning, according to ic4p (2012), was to support strategic business planning. The next most important benefit was that it supports the budgeting process.

The Planning Horizon for SWP

One of the distinguishing characteristics of SWP is that it looks farther ahead than traditional workforce planning—typically using the same time horizon as the organization’s strategic plan.

CONCLUSIONS

Research on this question has been spotty and the results quite varied, making it difficult to draw any overarching conclusions. There is evidence that three to five years is a desirable planning horizon, although that time frame remains aspirational for most companies.

Practical implications

Companies that are using a one- to two-year planning horizon in SWP should endeavor to look farther ahead. A common objection is that the future is too uncertain for leaders to take the long view. This is a weak argument at best. Tools such as environmental scanning and scenario planning can help companies identify the range of uncertainties for which they need to prepare. Enterprise risk management provides other tools to help companies assess and prioritize human capital risks and explore options.

Research implications

Future research might build on the question previously asked by BCG (2010): How does the planning horizon for SWP compare to the one used in corporate planning? Do they become more closely aligned in successive years of SWP? Does SWP use a longer time horizon when finance and corporate planning are consulted or involved in SWP than when these functions are not? Do SWP time horizons differ by industry? For specific types of work?

Details

- Infohrm (2007) found that almost half (46 percent) of companies that felt well prepared for future skill losses used an SWP planning horizon of four-plus years, while unprepared firms used a shorter planning horizon.
- While 90 percent of best-in-class companies thought workforce planning should look at least five years ahead, only 10 percent of those companies were doing so. Asked to name the biggest internal challenge to workforce planning, participating companies were more than twice as likely to choose short-term focus (48 percent) as to choose budgetary constraints (23 percent) (Aberdeen 2008).
- Hewitt (2008) asked companies how far in advance they needed to forecast talent supply and demand for specific segments of their workforce (top executives, senior management, front-line managers, and critical nonmanagement roles). While 26 percent of companies said they needed to plan three to five years ahead for top talent, only 8 percent felt it was necessary for critical nonmanagement jobs such as IT, scientist, or product development.
- Infohrm’s 2009 study found that roughly the same percentage of leading (22 percent) and lagging (24 percent) organizations look ahead one year or less in workforce planning—a finding it called “surprising,” given that “workforce planning conducted over too short a time horizon limits the extent to which the organization can meaningfully allocate resources in response to critical demand-supply gaps.” Emerging companies were most likely (54 percent) to forecast three to five years ahead. Less than 10 percent of all companies did so.
- BCG (2010) reported that most companies use a shorter time horizon for SWP than they use for corporate strategy. Planning five or more years ahead, BCG concluded, “is considered more effective than using a short-sighted horizon of one to two years for strategic workforce planning.”
- Camden Delta (2011) reported that roughly a quarter of private sector and nonprofit organizations analyzed headcount and forecasted needs for the next 12 months.
- About a quarter (26 percent) of companies surveyed by PwC (2012) used a one- to two-year planning period in SWP and 64 percent looked three to five years ahead.
- More than a quarter of laggard organizations reported that their workforce planning was focused on the short term, compared to 17 percent of industry average and 11 percent of best-in-class (Aberdeen 2012). That a company could focus on the short term in workforce planning and still be classified as best-in-class seems surprising. However, the criteria used were related to business performance rather than workforce planning (see Table 1, p. 8).
- Just one in five companies looked three to five years ahead in SWP, according to ic4p (2012).

19 The Boston Consulting Group, Creating People Advantage 2010, 22.
SWP Tools and Technology

When companies decide to undertake SWP, one of their first questions is often about what tools to use.

<table>
<thead>
<tr>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Excel spreadsheets were the dominant tool for workforce planning in Infohrm’s 2008 survey, used by 81 percent of leading, 36 percent of emerging, and 65 percent of lagging organizations. Just over half of leading organizations employed workforce planning software, compared to 23 percent of emerging and 22 percent of laggards.</td>
</tr>
<tr>
<td>- Aberdeen (2008) investigated adoption rates for specific types of technology. Leading organizations were most likely to have invested in workforce reporting applications (71 percent, compared to 63 percent of industry average and 38 percent of laggards) and supply-analysis applications (65 percent versus 42 percent and 26 percent, respectively).</td>
</tr>
<tr>
<td>- Infohrm (2009) reported that 40 percent of companies used some form of workforce planning software (off-the-shelf, customized, or built in-house), while 50 percent did not. The remaining 10 percent planned to purchase workforce planning software in the future. Among companies that did use workforce planning software, 56 percent believed workforce planning gave them a competitive advantage, compared to 40 percent of those that did not use it. These findings, however, don’t prove or disprove that using workforce planning software increases workforce planning’s impact.</td>
</tr>
<tr>
<td>- Excel was the most popular tool for workforce planning, according to Sibson Consulting (2010). While 66 percent of companies used Excel, 35 percent used an HRIS-based application, 15 percent used a web-based application, and 19 percent used no applications but were exploring their options. The majority of companies used more than one tool.</td>
</tr>
<tr>
<td>- Nearly three-quarters (72 percent) of companies surveyed by Camden Delta (2011) used Excel as their primary tools for workforce analysis and modeling. Success Factors had the next most popular tool, used by 10 percent.</td>
</tr>
<tr>
<td>- Just 16 percent of companies participating in the 2011-2012 CedarCrestone HR Systems Survey said they had already adopted a workforce analytics and planning application and another 21 percent planned to do so within the next three years.</td>
</tr>
<tr>
<td>- PwC (2012) asked what tools companies were using, or were considering, for SWP. Again, Excel topped the list (70 percent), followed by an enterprise resource planning-based solution such as Oracle or SAP.</td>
</tr>
<tr>
<td>- Best-in-class companies were more likely than others to use tools that enable data visualization, the integration of internal and external data, and gap analysis based on employee assessments (Aberdeen 2012).</td>
</tr>
</tbody>
</table>

CONCLUSIONS

The past five years have seen many changes in SWP-related technologies: industry consolidation, growing access to “big data,” and the shift from software to the cloud. Yet despite this evolution, Excel remains the primary tool for SWP.

Practical implications

Although tools and technology figure prominently among the obstacles to SWP, purchasing SWP “solutions” is not the only answer.

Research implications

Independent research—conducted by someone other than a vendor—could investigate the strengths and weaknesses of commercially available SWP “solutions.”

Research should explore technology’s role in optimizing SWP. Do companies that begin SWP using only Excel later adopt or develop other tools? Which tools, and for what purposes? Alternatively, if companies continue to use Excel, can they move up the SWP maturity curve or does that limit their SWP capabilities and, if so, which ones?

Looking ahead, research should follow the evolution of SWP as data, analytics, and other tools move to cloud computing. Will companies integrate new kinds of information into SWP, for example, data gleaned from social media or social network analysis?

Self-tracking is the collection and analysis of data by individuals about themselves, data they may allow to be aggregated with others’ self-tracked information to create social data sets that yield new insights about human behavior and its consequences. Will self-tracking enter the workplace and become an input to SWP?

---

SWP Structure and Staffing

Because SWP is a relatively new capability, organizations need to determine how it should be structured and staffed, and what skills and competencies are required. In fact, these questions are among the most frequently asked by members of The Conference Board and by audiences at various SWP-related meetings and events.

CONCLUSIONS

Research findings are generally consistent in this area. In the majority of companies, workforce planning reports somewhere within HR. But two surveys by Infohrm suggest an important nuance. In organizations with more experience in SWP (2009) and in organizations that view workforce planning as a competitive advantage (2008), workforce planning is more likely to report outside of HR.

The research on centers of excellence (COE) for workforce planning is too limited to conclude whether this structure is better than any other or is associated with any other factors such as SWP maturity.

Practical implications

Companies should consider the most advantageous reporting line for workforce planning rather than automatically assuming that it belongs in HR. Case study research by The Conference Board has found that SWP may have a dual reporting line to HR and corporate strategy (Saudi Aramco) or to HR and real estate (Sun Microsystems). The optimal reporting line for SWP may change over time, as leaders outside HR learn to use workforce planning to support decisions and execute strategy.

Research implications

Infohrm’s findings (2009) regarding the relationship between where workforce planning reports and whether it delivers a strategic advantage warrant further study. It would be useful to track whether SWP continues to report primarily to HR, or whether that changes over time, as companies gain a deeper understanding of its capabilities and as data analytics and modeling become increasingly important business tools. Qualitative research could investigate the perceived advantages of various reporting lines, both within HR (where SWP may report to the CHRO, HR strategy, talent management, staffing, or other functions) and outside it.

Structure

Details

- IBM (2008) asked which organizational units were responsible for the workforce management process. HR and the business were jointly responsible in more than half the companies surveyed, while the business held primary responsibility with HR’s support in more than one-quarter of organizations.

- Infohrm’s 2008 survey examined where in the organization workforce planning reported. In 61 percent of organizations, it fell under HR. Otherwise, workforce planning reported to management (22 percent) or to business units (12 percent). Far less common was a reporting line to shared or corporate services (3 percent) or finance (2 percent).

Interestingly, the value of workforce planning was related to where it was positioned. Workforce planning was a source of competitive advantage for 60 percent of firms where it was located within business units, compared to 52 percent of those in which it reported to management and 46 percent in which it reported to HR. The correlation between where workforce planning reports and whether it provides a strategic advantage is intriguing, although it’s not possible to establish any causal relationship between the two. That is, we can’t conclude (nor did Infohrm) either that workforce planning’s reporting line determines its value, or that when workforce planning is seen as more valuable it is assigned to someone outside of HR. Both may be the result of SWP’s gradual maturation, or of other factors not studied.

- Infohrm’s 2009 research found that, while workforce planning reported to HR in the majority of companies, leading organizations were more likely to position workforce planning outside of corporate HR. Companies with five or more years of experience in workforce planning were more likely than those with less experience to split ownership between HR and other functions or lines of business.

- PwC (2012) found that SWP was based somewhere within HR at 77 percent of the European companies it surveyed; otherwise, SWP reported to finance (less than 2 percent) or “other” (21 percent).

- The majority (53 percent) of companies in ic4p’s 2012 study said that SWP reported to HR, compared to 17 percent with a reporting line to operations and 4 percent to finance.

- Only 11 percent of companies had a workforce planning COE, according to Aberdeen (2012). The most likely to do so were best-in-class companies (26 percent), compared to 15 percent of industry average and 3 percent of laggards.
Staffing
Because SWP is a new methodology, many companies ask about how it should be staffed. Is this a full-time job and, if so, for one person or many?

CONCLUSIONS
There has been very little survey research on SWP staffing or on the relationship between SWP staffing and outcomes. For descriptions of staffing models, companies can refer to published case studies on SWP and to the literature on human capital analytics, which offers detailed recommendations that are equally relevant to SWP.

Practical implications
Companies can’t glean much insight from survey research about the staffing requirements for SWP. Fortunately, they can draw additional guidance from research on the skills and competencies needed within the SWP team.

Research implications
Since companies are interested in knowing the resources required for SWP, it may be useful to collect additional survey data about staffing levels. It would be important to avoid simplistic ratios, however, as these provide a very reductive analysis.

Details
- Infohrm (2008) investigated the relationship between the size of the workforce planning staff and the size of the workforce. The median was 1:135 in small organizations (<1,000 FTE), 1:1,000 in medium-sized organizations (1,000 to 5,000 FTEs), and 1:3,000 in large organizations (>5,000 FTE). The relationship between this staffing ratio and workforce planning’s impact was inconclusive.
- The majority (57 percent) of organizations surveyed by Camden Delta (2011) had no more than one FTE dedicated to workforce planning, a finding that the consulting firm attributed to SWP immaturity, as 52 percent of respondents were still in the early stages of implementation.
- A 2012 study by ic4p approached staffing for workforce planning from a different perspective. Only 37 percent of companies, it found, had a leader who was wholly dedicated to workforce planning. Regardless of whether SWP was their sole responsibility, the vast majority (70 percent) of workforce planning leaders were middle managers, while 11 percent were more senior.
SWP Skills and Competencies

Since SWP is a new methodology, distinct from past approaches, there is no established career path for those who deliver SWP. Opportunities for training, academic courses, or certification are limited. The pool of SWP leaders who have introduced the process and developed it to a mature stage is extremely small, so external recruiting may not be an option. For all these reasons, many companies engage consultants to help them launch SWP and build support within the business.

Details

• Asked to identify the most critical competencies required to do workforce planning, the leading organizations in Infohrm’s 2009 survey placed a higher priority on business-related skills than on HR-related skills. The foremost requirements were knowledge of the business planning process (69 percent), communication skills (59 percent), analytical skills (59 percent), influencing skills (56 percent), knowledge of supply and demand forecasting (56 percent), personal credibility (53 percent), change management (53 percent), and formulating strategic staffing interventions (53 percent).

• Workforce planning requires knowledge and skills that are nontraditional in HR, according to ic4p (2012), which found that just 38 percent of respondents believe their workforce planning team is fully equipped for the job. Forecasting and analytical skills were identified as the most difficult to find. The ability to communicate arcane workforce planning models to business leaders was often lacking. Not surprisingly, workforce planning team members came from a variety of functions, most commonly HR (77 percent), operations (52 percent), finance (48 percent), and business management (46 percent).

CONCLUSIONS

While survey results on this topic are limited, they point to a clear set of skills and competencies needed within the SWP team consistent with qualitative research on this topic by The Conference Board.a

Practical implications

Companies need not deliberate further about the skills needed to lead SWP, although they may need to think creatively about where to source candidates. By looking in diverse areas for the right skills, rather than for specific job titles, they can patch together the right talent within the SWP team.

Research implications

Future research should investigate further ic4p’s finding that most companies think their SWP team is not fully prepared for the job. What are the specific gaps? How do companies or individuals go about closing them? Which skills can be learned on the job and which cannot?

Survey research could investigate the prior careers of SWP leaders and team members and, once SWP is better established, their subsequent careers.

Another area where independent research could add value would be in the use of external consultants to supplement or build SWP skills. What are the most common objectives in such engagements? How effectively are they met? Which tasks are best accomplished by internal staff and which are best led by a third party?

---

a Mary Young, Where Do Strategic Workforce Planning Leaders Come From? The Conference Board, Executive Action Report 373-12, February 2012.
How Swp Output Is Used

The SWP leader for a major U.S. utility company remarked recently about a series of conferences on SWP, “People are just scratching the surface on this topic.” Most companies were still focused on early challenges, like how to do forecasting, he observed. Relatively few could describe how they’d used those forecasts, analytics, and modeling to drive actions. Research supports this SWP leader’s observation.

CONCLUSIONS

Many organizations are not leveraging the information and insights gleaned from SWP to shape their HR strategy or guide their HR practices. SWP output seems to have even less impact on business leaders’ decisions.

While it is beyond the scope of the studies listed below to explain why SWP does not have greater impact, The Conference Board’s perspective suggests several contributing factors:

• SWP maturity: Most companies are just getting started in SWP and are challenged by the basic mechanics.

• Ability to use data: Consumers of SWP data may need to be educated so they can make use of SWP output and communicate it effectively so others grasp its significance and implications.

• Value of SWP is not well established: Many companies have yet to demonstrate SWP’s impact on business decisions

Practical implications

SWP is not an end in itself. Its purpose is to produce information and insights that lead to better business decisions. Companies should identify and remove the barriers that keep decision makers from using SWP output. If they do not, organizational commitment to SWP won’t last long.

Research implications

Research should continue to assess SWP’s perceived impact on decision making and actions. What factors are most strongly related to SWP’s impact: how long SWP has been in place, where SWP reports, whether it is integrated with business planning, the capabilities of the SWP team, support for SWP from business leaders, the ability to measure the business impact of various HC challenges or tactics, or others?

Qualitative research should continue to capture stories about the processes and structures that help business leaders use SWP as a management tool.

Details

1 SWP’s impact on HR decisions and actions

• Companies with a formal workforce planning process that was integrated with strategic business planning were significantly more likely than those without such a process to say that workforce planning enabled them to identify critical workforce issues, implement more targeted recruitment strategies, and gain clarity on how to direct limited resources (Infohrm 2007).

• About 40 percent of companies said they were generally effective in using human capital data to make decisions about the workforce, slightly more than said they were somewhat effective. However, less than 10 percent said they could do so very effectively (IBM 2008).

• Infohrm (2009) found that leading organizations were significantly more likely than others to take action based on the information and insights that workforce planning produced. Ninety percent of leading organization had implemented three or more people initiatives, compared to 28 percent of industry average and 51 percent of lagging organizations. Asked whether the HR function’s orientation had become more strategic since workforce planning was implemented, 53 percent of all companies agreed, 41 percent disagreed, and a surprising 6 percent said it had become more operational.

• Only 6 percent of companies surveyed by BCG (2010) derived actions based on their workforce supply and demand models. Of these, 77 percent took recruiting actions with quantified goals, 57 percent took actions related to qualifications, 53 percent made staff reductions, and 47 percent responded with apprenticeships.

2 SWP’s impact on business decisions and actions

• The leading benefit of SWP was that it supports the strategic/business planning process; the second leading benefit was that it supports the budget process, according to ic4p (2012). However, just 21 percent of companies said that leaders use the output of workforce planning to a high or very high degree to make business decisions.

• PwC (2012) asked companies to what extent the results of SWP influenced strategic decisions such as geographic expansion. About one-third (34 percent) said it had limited influence, while 17 percent said little influence and 13 percent said no influence. Just 9 percent indicated that SWP’s output had significant influence on strategic decisions. More than a quarter (27 percent) said SWP’s impact was neutral.
Assessing the Value of SWP

Research has investigated the value of SWP using several yardsticks: satisfaction with the process and its effectiveness, ability to demonstrate SWP’s value or ROI, and perception of SWP as a source of competitive advantage.

Details

1. **Satisfaction with/effectiveness of SWP**
   - The majority (54 percent) of companies categorized as best-in-class by Aberdeen (2008) were satisfied with their workforce planning efforts, compared to 34 percent of industry average and 28 percent of laggards.
   - ic4p’s 2009 survey found that 19 percent of participating companies said they were effective or very effective at workforce planning.
   - In a more recent study by ic4p (2012), just 16 percent said they were effective at workforce planning to a high or very high extent, fewer than in 2009.
   - BCG (2010) asked companies how many projects they undertook in a variety of HR topics and how satisfied they were with those projects. SWP rated a comparatively low number of projects and a low satisfaction level.

2. **Measuring the value of SWP**
   - Infohrm (2008) found that 18 percent of companies could demonstrate the value of SWP, 29 percent could to some extent, and 42 percent said that, while they weren’t there yet, they aimed to be in the future. None was able to calculate the ROI of SWP, while 4 percent could to some extent. Almost 40 percent said this was a future goal.
   - The following year, Infohrm (2009) found that:
     - Leading organizations were significantly more likely than others to use five metrics to assess the effectiveness of workforce planning: accuracy of forecasting efforts; reduction in termination and attrition rates; reduction in talent gaps, especially for critical positions; reduction in time-to-fill, especially for critical positions; and key financial metrics that could be linked to workforce planning.
     - While all leading organizations could demonstrate the value of workforce planning, just 11 percent of the total survey sample could do so, 32 percent could do so somewhat, and 45 percent said they aimed to do so in the future. Among lagging organizations, 37 percent conducted no evaluation of workforce planning.
     - While all leading organizations could calculate the ROI of workforce planning, just 6 percent of all companies said they could do this, 15 percent could do it somewhat, and 35 percent said that, while they couldn’t do so yet, they aimed to in the future.

CONCLUSIONS

Satisfaction with SWP is fairly low. Companies believe they have yet to gain maximum value from the process and few now measure its value and return on investment.

Practical implications

SWP cannot survive simply because someone touts it as a best practice. Business leaders must see tangible benefits. Can SWP tell them where to invest dollars for the greatest return? Help them model alternative strategies and compare the costs and benefits? Project the risks if they take no action?

Research implications

Future surveys should continue to measure companies’ ability to assess the value of SWP and, if possible, track progress over time. What metrics do they use? Which business indicators can they link to workforce factors?

Because it is difficult to prove causation through statistical analysis, future research is unlikely to show that business results improve as a direct result of SWP. Infohrm’s clever alternative—asking companies whether workforce planning provided them with a competitive advantage—is worth reprising in future surveys, with some enhancements. Do business leaders and HR executives share similar views regarding SWP’s value? What characteristics of SWP are most strongly correlated with its perceived value?

Survey research is not useful for revealing how a company establishes the value of SWP. Case studies on SWP and the growing literature on human capital analytics can provide illustrative models and metrics.
• Just 12 percent of companies surveyed by Sibson Consulting (2010) could estimate the ROI of SWP. The greatest challenges in measuring ROI were that the SWP program was too immature (54 percent), metrics were unclear (51 percent), and there was little or no business outcome data (38 percent).

• PwC (2012) found that just 12 percent of the European companies it surveyed could calculate SWP’s ROI. Paradoxically, more than two-thirds of these same companies said that SWP had achieved or surpassed its planned ROI. Lack of a clear business case was seen by 26 percent of respondents as an obstacle to SWP.

3 Competitive advantage and business performance

• One in five companies (21 percent) said workforce planning gave them an advantage over competitors, while 25 percent said it did so to some extent, 6 percent said it did not, and 13 percent said they didn’t know. Another 29 percent said workforce planning wasn’t yet a competitive advantage, but that was their goal (Infohrm 2008).

• The following year, Infohrm (2009) found that 43 percent of participating companies said workforce planning was a competitive advantage, 25 percent said it was somewhat, 7 percent said it was not, and 6 percent were unsure. One in five (19 percent) of companies said they weren’t there yet, but this was a goal. What remains unexplained, however, is why more than twice as many companies perceived workforce planning as a competitive advantage in 2009 than in 2008.

• Companies that had adopted a workforce analytics or workforce planning application outperformed other companies in terms of profit and sales per employee (CedarCrestone 2011).

• ic4p (2012) categorized companies based on market share, revenue growth, profitability, and customer satisfaction. Higher performance was correlated with more workforce planning activities. Lower-performing organizations showed the greatest growth in workforce planning since ic4p’s 2009 survey of workforce planning.
### Table 2

**A topical index of SWP survey research, 2007–2012**

<table>
<thead>
<tr>
<th>SWP subtopics</th>
<th>Surveys that address this topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identifying gaps</td>
<td>Infohrm 2007; Aberdeen 2008, 2012; Sibson Consulting 2010; IBM 2010; PwC 2012; SHRM/AARP 2012</td>
</tr>
<tr>
<td>Segmenting the workforce</td>
<td>Aberdeen 2008, 2012; Infohrm 2009; Camden Delta 2011; PwC 2012</td>
</tr>
<tr>
<td>Obstacles to SWP</td>
<td>Infohrm 2007; Aberdeen 2008; IBM 2010; Sibson Consulting 2010; Camden Delta 2011; ic4p 2012; PwC 2012</td>
</tr>
<tr>
<td>External labor data</td>
<td>Aberdeen 2008, 2012; Infohrm 2009</td>
</tr>
<tr>
<td>Business data</td>
<td>PwC 2012; Aberdeen 2012</td>
</tr>
<tr>
<td>SWP tools and technology</td>
<td>Infohrm 2008, 2009; Aberdeen 2008, 2012; Sibson Consulting 2010; Camden Delta 2011; CedarCrestone 2011; PwC 2012</td>
</tr>
<tr>
<td>SWP structure and staffing</td>
<td>IBM 2008; Infohrm 2008, 2009; Camden Delta 2011; PwC 2012; ic4p 2012; Aberdeen 2012</td>
</tr>
<tr>
<td>SWP skills and competencies</td>
<td>Infohrm 2009; ic4p 2012</td>
</tr>
<tr>
<td>Impact on HR decisions/actions</td>
<td>Infohrm 2007, 2009; IBM 2008; BCG 2010</td>
</tr>
<tr>
<td>Impact on business decisions</td>
<td>ic4p 2012; PwC 2012</td>
</tr>
<tr>
<td>Satisfaction with SWP</td>
<td>Aberdeen 2008; ic4p 2009, 2012; BCG 2010</td>
</tr>
<tr>
<td>The value of SWP</td>
<td>Infohrm 2008, 2009; Sibson 2010; PwC 2012</td>
</tr>
</tbody>
</table>
Research Reviewed in this Report

Aberdeen Group


- **Survey sample** (supplemented with interviews) More than 200 organizations
- **Respondents** Senior management (23 percent), EVP/SVP/VP (19 percent), director (20 percent), manager (29 percent), consultant (10 percent), staff (6 percent), other (3 percent).
- **Geography** Asia-Pacific (9 percent), Middle East/Africa (3 percent), Europe (8 percent), Latin America (3 percent), North America (77 percent)
- **Company size** Less than 250 employees (32 percent), 250 to 1,000 employees (16 percent), 1000 to 2,500 employees (9 percent), > 2,500 employees (43 percent)
- **Industries** Aerospace and defense (11 percent), telecom, high tech and IT (11 percent), health and medical services and devices (8 percent), automotive (6 percent); finance/banking (6 percent), education (6 percent)

Aberdeen’s analysis showed that best-in-class organizations significantly outperform others based on the extent to which they understand the purpose of workforce planning, establish buy-in from senior executives, and understand the core competencies of key jobs. The report also captured frequencies for many specific aspects of workforce planning, including drivers, challenges, processes, methods, tools, and outcomes.

Companies were categorized as best-in-class, industry average, or laggards using the following metrics: the increase in employee retention, improved workforce capacity utilization, increased employee performance, and improved skills availability. These metrics “measure the return on investment of a workforce planning program.” Unfortunately, no explanation or evidence was provided to justify that workforce planning was related to these outcomes, let alone caused them. It is difficult to accept unquestioningly, for example, that improved employee performance is a byproduct of workforce planning.


Based on Aberdeen Group’s 2011 study of talent acquisition practices, this short report examines the relationship between organizations’ ability to identify critical roles and their performance against business and HR objectives.


- **Survey sample** (supplemented with interviews): 250 organizations worldwide
- **Respondents** Senior management (23 percent), EVP/SVP/VP (19 percent), director (20 percent), manager (29 percent), consultant (10 percent), staff (6 percent), other (3 percent)
- **Geography** Asia-Pacific (13 percent), Middle East/Africa (5 percent), Europe (20 percent), South America (1 percent), North America (61 percent)
- **Company size** 1 to 99 employees (27 percent), 100 to 999 employees (21 percent), > 1,000 employees (51 percent)
- **Industries** IT/consulting (11 percent), software (8 percent), financial services (6 percent), government (8 percent), medical/health care (5 percent)

Aberdeen used four criteria to measure organizations’ ability to leverage and manage human capital management data: the percentage of organizational key performance indicators (KPIs) achieved in the past year, the percentage of employees who received a performance rating of “exceeds expectations” or higher, and the percentage of key roles that have at least one ready and willing successor identified.

The research identified several common characteristics of best-in-class companies: business leaders have access to talent data, the company understands the gap between available talent and the business need, and internal and external data are integrated.

Best-in-class companies were also more likely to aggregate and integrate employee data with other kinds of organizational data, to provide training for many types of HC data, to have a center of excellence for workforce planning, to model human capital data as part of strategic planning, and to assess their current workforce against competency models to establish skills gaps.
Accenture


- **Survey sample**: 674 executives
- **Geography**: 24 countries—U.S./Canada (22 percent), Asia-Pacific (30 percent), Europe/Middle East/Africa (49 percent)
- **Company size**: <1,000 (21 percent); 1,000 to 2,499 (17 percent); 2,500 to 9,999 (29 percent); 10,000 to 49,999 (22 percent); 50,000+ (11 percent)
- **Industries**: Products (25 percent), communications and high-tech (18 percent), financial services (27 percent), resources (14 percent), public service (14 percent), other (2 percent)

This research investigated talent management practices in the midst of the economic downturn. In the 12 months preceding the survey, 44 percent of U.S. companies said they had increased their use of workforce planning, 41 percent had made no changes, and 11 percent had reduced their use. Of 11 talent management practices and processes, workforce planning was the second most likely to have increased during the period and the second least likely to have declined. The findings were similar for the study’s global sample. Respondents also evaluated the skill level of their overall workforce as well as that of workers in the most important functional areas.

Boston Consulting Group (BCG)


- **Survey sample**: 5,561 executives
- **Geography**: 109 countries and five continents

This survey is notable for asking very detailed questions about companies’ ability to project future workforce supply and demand and take actions to address workforce capacity risks. Overall, the study found very limited ability. Most companies use a shorter planning horizon in SWP than they use in corporate strategy. The report includes a short case study that describes how BCG client Lufthansa Technik used SWP.

Camden Delta Consulting


- **Survey sample**: 90 organizations
- **Respondents**: Primarily HR
- **Geography**: Not available
- **Company size**: ≤1,000 (23 percent); 1,001 to 5,000 (28 percent); 5,001 to 10,000 (8 percent); 10,001 to 20,000 (15 percent); over 20,000 (26 percent)
- **Sector**: Private for-profit (61 percent), public sector (13 percent), nonprofit (26 percent)

This survey does the usual pulse-taking on current practices in SWP: implementation stage, level of integration with business planning, drivers, challenges, staffing, structure, and use of specific types of workforce analysis and modeling. One less common feature is the comparison among organizations in the private, public, or nonprofit sector. Another interesting issue addressed in the study is the role of the HR business partner in SWP.

CedarCrestone


- **Survey sample**: 727 respondents
- **Geography**: U.S. (84 percent), Europe/Middle East/Africa (9 percent), Canada (3 percent), rest of the world (4 percent)
- **Company size**: <1,000 (21 percent); 1,000 to 2,499 (17 percent); 2,500 to 9,999 (29 percent); 10,000 to 49,999 (22 percent); 50,000+ (11 percent)
- **Industries**: Agriculture/mining/construction (3 percent); consumer and other manufacturing (15 percent); financial services (14 percent); health care (15 percent); higher education (4 percent); high-tech manufacturing (7 percent); other services (18 percent); public administration (5 percent); retail/wholesale (8 percent); transportation, communications, and public utilities (11 percent)

Out of 22 HR topics, SWP was identified as one of the four most critical by European executives. However, companies gave a much lower rating to their current capabilities in SWP. High-performing companies (assigned to that category based on their revenue growth and profitability over a three-year period) conducted more SWP projects than did lower-performing organizations.
For 15 years, CedarCrestone has been tracking the adoption of HR technologies using an annual survey. The scope includes applications for all areas of HR: administrative, service delivery, talent management, workforce management, social-and mobile-enabled applications, and business intelligence/analytics (including SWP). This breadth allows readers to compare the penetration of SWP and other technology-enabled applications. Moreover, because the survey is conducted yearly, it can measure changes over time.

It’s important to note, however, that this research captures the adoption of a technology application, rather than the implementation of SWP. Worldwide, only 16 percent of companies had adopted workforce analytics and planning applications. Those in the agriculture/mining/construction sector were more than two-and-a-half times more likely (25 percent) to have adopted such an application than were health care organizations (9 percent). The next highest adoption rates were in financial services (22 percent) and transportation/communications/public utilities (also 22 percent). Organizations with 10,000 or more employees were more likely to be adopters (20 percent) than those with 1,000 or fewer employees (12 percent).

Half of companies that had adopted workforce analytics and planning said they were using Excel or a customized (in-house) solution.

Deloitte


- **Survey sample**: 376 senior executives
- **Revenues**: $500 million to $1 billion (18 percent); $1 billion to $5 billion (30 percent); $5 billion to $10 billion (18 percent), $10 billion to $20 billion (17 percent), greater than $20 billion (17 percent)
- **Geography**: Americas (38 percent), Europe/Middle East/Africa (34 percent), Asia Pacific (28 percent)
- **Industries**: Technology/media/telecommunications (27 percent), consumer/industrial products (27 percent), energy/utilities (19 percent), financial services (15 percent), life sciences/health care (9 percent), other (4 percent)

The purpose of this research was to identify significant trends driving corporate talent strategies and to track company responses to economic changes. Respondents were asked to rank seven talent priorities, including global workforce management, as well as their companies’ current capability and investment in each of the seven areas. Companies with self-described “world-class talent programs” were substantially more likely (66 percent) than others (36 percent) to name global workforce management as a high priority. However, they also ranked every other talent priority, all seven capabilities, and the priority of investing in all seven areas higher than did their counterparts with non-world-class-talent programs—although the difference between the two groups’ ratings varied by topic.

Hewitt


- **Survey sample**: 700 senior-level talent leaders (both HR and non-HR)
- **Geography**: U.S.-based companies (70 percent), Canada (9 percent), Europe (8 percent), Asia (6 percent), rest of world (7 percent); 63 percent of sample have global operations
- **Company size**: ≤1,000 (34 percent); 1,001 to 5,000 (21 percent); 5,001 to 10,000 (12 percent); 10,001 to 25,000 (12 percent); 25,001 to 50,000 (8 percent); > 50,000 (12 percent)
- **Industries**: Financial services (16 percent), manufacturing (12 percent), business services (9 percent), health care (8 percent), computer hardware and services (5 percent), other (50 percent)

This report delivers a few useful statistics related to SWP within the broader context of talent management. While 69 percent of companies made limited use of workforce planning, just 15 percent reported doing so enterprise-wide. Similarly, while 75 percent aligned and integrated their workforce strategies with their overall business strategies, only 17 percent did so consistently throughout the organization.

IBM


- **Survey sample**: More than 400 HR executives
- **Geography**: 40 countries—Asia-Pacific excluding Japan (22 percent), Latin America (13 percent), North America (22 percent), Europe/Middle East/Africa (34 percent), Japan (9 percent)
- **Company size**: <1,000 (9 percent); 1,001 to 5,000 (25 percent); 5,001 to 10,000 (15 percent); 10,001 to 25,000 (19 percent); 25,001 to 50,000 (12 percent); > 50,000 (20 percent)
- **Industries**: Communications (15 percent), distribution (23 percent), financial services (21 percent), industrial (30 percent), public (11 percent)
Among the topics this research explores are the relationship between companies’ business strategy and workforce strategy, who is responsible for workforce management, and how well companies perform specific workforce management activities. The survey also investigates their ability to project the demand for specific skills three to five years in the future and to identify individuals with specific skills anywhere in their organization. The research identifies barriers to using human capital data and analytics to make workforce decisions and the steps companies are taking to become better at it.


- **Survey sample** 707 HR executives
- **Geography** 61 countries—growth markets (49 percent), North America (12 percent), Western Europe (32 percent), Japan (7 percent)
- **Company size** <1,000 (17 percent); 1,001 to 5,000 (27 percent); 5,001 to 10,000 (16 percent); 10,001 to 25,000 (14 percent); 25,001 to 50,000 (11 percent)
- **Industries** Communications (10 percent), distribution (31 percent), financial services (19 percent), industrial (25 percent), public (15 percent)

This, the third edition of IBM’s chief human resources officer survey, examines how companies are investing in the global workforce to seize growth opportunities. SWP is just one component. Most relevant are the findings about human capital analytics, scenario planning, and segmentation. The report concludes:

> …many organizations lack the infrastructure to make fact-based decisions regarding workforce allocation. With a lack of insight into what skills and capabilities the organization has at its disposal at any given time, models that help to evaluate potential talent shortages, and resources that can monitor talent supply and demand, organizations are placing themselves at risk for making poor decisions and reacting to market changes after their competition.*

The research compares responses of executives from “financial outperformers” to those from other organizations.

Institute for Corporate Productivity (ic4p)


- **Survey sample** Not available
- **Company size** Not available
- **Industries** Not available

Since access to ic4p’s research is restricted to its members, this short article presents selected highlights from the firm’s 2009 survey. Seventy percent of respondents were doing some form of workforce planning. Of those who were not, 43 percent plan to do so in the future. Among companies with an effective workforce planning process, 97 percent said it supports the strategy and business planning process, as did 78 percent of companies with high market performance. Unfortunately, these research highlights do not include information about the survey sample’s size and composition.


- **Survey sample** 268 respondents (HR and business leaders)
- **Company size** <1,000 (33 percent); ≤1,000 (66 percent)
- **Industries** Service, energy, health care, education, finance, manufacturing, and others (breakdown not available)

One of the strengths of this research is that it clearly differentiates three types of workforce planning: strategic, operational, and tactical. A growing percentage of companies are doing workforce planning: 76 percent in 2011, compared to 70 percent in ic4p’s 2009 survey. Yet the focus of workforce planning is more likely to be operational than strategic. The survey assesses the primary benefits that business leaders expect from workforce planning and the most common challenges. The analysis also compares the use of workforce planning in companies with high, midrange, or low financial performance.


This article is based on the 2012 ic4p Strategic Workforce Planning: Practitioner Insights study. Among its most interesting findings: of the three types of workforce planning—strategic, tactical, and operational—strategic is the least common, practiced by just 22 percent of the companies surveyed. Other topics include how companies structure and staff SWP, the skills required within the SWP team, and where to find people who have these skills.

* Pages 35-36.
Infohrm

Global Approaches to Workforce Planning: What’s Working?
Infohrm (September 2007).

- Survey sample 187 respondents
- Geography Europe (30 percent), Asia-Pacific (43 percent), North America (27 percent)
- Company size 1 to 5,000 employees (44 percent); 5,001 to 75,000 (43 percent); >75,000 (13 percent)
- Industries Government (36 percent), financial (16 percent), education and health services (15 percent), other sectors (< 10 percent each)

This study surveyed firms about their workforce planning approaches and compared results for two groups of companies: those that believed they were prepared for future workforce needs and those that felt less well prepared. The prepared group were more likely to conduct a formal workforce planning process, perform a comprehensive set of workforce planning activities, prepare workforce plans for all staff rather than just for critical job roles, and have longer time horizons for workforce plans.

Companies that had a formal, integrated workforce planning process rated workforce planning’s benefits more highly and its challenges as less significant than did other companies.


- Survey sample 325 Infohrm clients and other interested organizations
- Geography Global but no details
- Company size 1 to 5,000 employees (64 percent); 5,001 to 50,000 (31 percent); >50,001 (6 percent)
- Industries Government (33 percent), education and health services (17 percent), transportation and utilities (13 percent), all other industries <10 percent each

This research investigated the current state of workforce planning, its value and impact (i.e., ROI, competitive advantage), methods used to forecast talent demand, integration of workforce planning with other processes, use of workforce planning software, and support for workforce planning from executive and line management. The analysis includes interesting correlations between the use of specific forecasting methods and the competitive advantage delivered by workforce planning, as well as between management support for workforce planning and competitive advantage.


- Survey sample 780 companies, 60 percent (468) of which had a workforce planning process in place. Survey results are based on this smaller sample.
- Geography Asia-Pacific (44 percent), Europe (22 percent), North America (34 percent)
- Company size 1 to 5,000 (59 percent); 5,001 to 50,000 (34 percent); >50,000 employees (7 percent)
- Industries Government (18 percent), natural resources (13 percent), <10 percent (each) for other industries

This report presents the findings from the third and final workforce planning survey by Infohrm, before the firm was acquired by SuccessFactors in 2010. Of the organizations surveyed, 60 percent had a workforce planning process in place. Of these, Infohrm classified 7 percent as “leading organizations,” based on a combination of four factors: The organization saw workforce planning as valuable, could demonstrate the impact of workforce planning on key human capital outcomes, could assess SWP’s financial value, and believed that workforce planning provided a competitive advantage.

The report compares leading organizations to others in terms of what drives SWP, the investment in SWP, the connection between SWP and business strategy, demonstrable improvements in human capital and financial metrics, the use of specific tools (scenario planning and technology), the staffing and structure of the SWP function, and the role of HR vis-à-vis the business.

Infohrm’s analysis also compares the 2009 responses to those from the previous year, noting significant changes regarding, for example, whether workforce planning provides a competitive advantage (43 percent, up from 21 percent) and the ability to demonstrate the impact of workforce planning (18 percent, up from 11 percent) and to assess that value in monetary terms (6 percent, up from none the year before).

Manpower

Workforce Strategy Survey: Global Findings, Manpower (2010), http://www.manpowergroup.co.uk/media/39281/talent_holding_you_back_key_results_uk.pdf

- Survey sample 37,866 employers
- Geography 38 countries
- Company size Small, medium, and large; details not provided
- Industries Not available
This study found that 77 percent of employers said their workforce strategies were aligned with the business strategies. Of these, 64 percent believe their workforce strategy is agile enough to adjust to the changing economic environment. Among companies that don’t have a workforce strategy that is aligned with their business strategy, 53 percent were doing nothing to create one. The report also compares these responses by region.

**Mercer**


- **Survey sample**: 160 U.S. employers
- **Geography**: U.S.
- **Company size**: Not available
- **Industries**: Not available

Conducted in July 2009, this survey investigated what impact the economic downturn was having on companies’ approach to human capital planning. Dealing with uncertainty was seen as the greatest challenge for 2010, and cost containment or reduction was expected to be the primary objective. The research found significant differences in human capital priorities based on organizations’ sector and size.

**PricewaterhouseCoopers AG**

Charles Donkor, Till Lohmann, and Ursula Knorr, *Lasting Business Performance through Strategic Workforce Planning*, PricewaterhouseCoopers AG (May 2012), [http://www.pwc.ch/en/dyn_output.html?content.cdid=37719&content.vcname=publikations_seite&collectionpageid=5630&backLink=http%3A%2F%2Fwww.pwc.ch%2Fde%2Fdyn_output.html%3Fajaxpag%e%3Dyes%26cache%3Dno%26content.void%3D37993%26navigatio%nid%3D5630%26language%3Den&cache=refreshurl](http://www.pwc.ch/en/dyn_output.html?content.cdid=37719&content.vcname=publikations_seite&collectionpageid=5630&backLink=http%3A%2F%2Fwww.pwc.ch%2Fde%2Fdyn_output.html%3Fajaxpag%e%3Dyes%26cache%3Dno%26content.void%3D37993%26navigatio%nid%3D5630%26language%3Den&cache=refreshurl)

- **Survey sample**: 113 respondents
- **Geography**: Germany, Switzerland, and Austria
- **Company size**: ≤1,000 employees (10 percent); 1,001 to 5,000 (24 percent); 5,001 to 10,000 (15 percent); 10,001 to 25,000 (17 percent); 25,001 to 50,000 (10 percent); >50,000 (24 percent)

Conducted in partnership with the University of St. Gallen, this survey provides an interesting, regional slant on SWP in Germany, Switzerland, and Austria. While 80 percent of companies said they were doing SWP, most were doing so at a fairly elementary level. Almost half had implemented SWP within the past two years.

**Sibson Consulting**


- **Respondents**: 68 companies
- **Geography**: Not available
- **Company size**: Not available
- **Sector**: Not available

The survey investigated the drivers of SWP, implementation challenges, and use of tools and technology. Companies were evenly split between those that agreed (40 percent) or disagreed (41 percent) that HR can forecast and quantify gaps between talent supply and demand. Roughly 60 percent of respondents said their senior leadership endorses the workforce planning process (60 percent) and that SWP is a key business process (59 percent).

**Society for Human Resource Management (SHRM)**


- **Survey sample**: 430 HR professionals
- **Respondents**: Senior management (23 percent), EVP/SVP/VP (19 percent), director (20 percent), manager (29 percent), consultant (10 percent), staff (6 percent), other (3 percent).
- **Geography**: U.S.-based operations only (70 percent), multinational (30 percent)
- **Company size**: Less than 100 employees (19 percent); 100 to 499 employees (33 percent); 500 to 2,499 employees (24 percent); 2,500 to 24,999 employees (15 percent); 25,000+ employees (9 percent)
- **Sector**: Privately owned for-profit (46 percent), publicly owned for-profit (19 percent), nonprofit (20 percent), government (12 percent), other (4 percent)

In the context of this research, SWP is a means to an end, playing a supporting role to the study’s primary focus, which is the older workforce. Two-fifths of organizations said they had conducted SWP to evaluate their current and future workforce needs for the next five years. Over one-third had identified potential skills gaps, and 29 percent had analyzed the impact of older workers leaving. The organizations surveyed for this study are much smaller and more U.S.-centric than those represented in other research.
## Additional Resources from The Conference Board

### Publications

- **Managing the Total Workforce: The Case for Including Contingent Labor in Strategic Workforce Planning**
  - forthcoming, 2013
- **The Conference Board Human Capital in Review™: Focus on Strategic Workforce Planning**
  - (Quarterly 2011-present)
- **Strategic Workforce Planning across National Borders**
  - R-1497-12-RR, July 2012
- **Where Do Strategic Workforce Planning Leaders Come From?**
  - A-373-12-EA, February 2012
- **On the Level: Strategic Workforce Planning from Micro to Macro**
  - A-0369-11-E, December 2011
- **Strategic Workforce Planning Leaders’ Bookshelf**
  - R-1485-11-RR, November 2011
- **Broadening the Base for SWP: The Value of Cross-Functional Partnerships**
  - A-0355-11-EA, August 2011
- **Engaging Business Leaders in SWP: A Guide to Effective Conversations**
  - A-0354-11-EA, July 2011
- **Managing Human Capital Risk**
  - R-1477-11-RR, July 2011
- **Strategic Workforce Planning in Global Organizations**
  - R-1457-09-RR, January 2010
- **Strategic Workforce Planning Quarterly**
  - (2009-2010)
- **Implementing Strategic Workforce Planning**
  - R-1444-09-RR, June 2009
- **Gray Skies, Silver Linings: How Companies Are Forecasting, Managing, and Recruiting a Mature Workforce**
  - R-1409-07-RR, December 2007
- **Strategic Workforce Planning: Forecasting Human Capital Needs to Execute Business Strategy**
  - R-1391-06-WG, August 2006

### Peer-to-Peer Learning

- Council on Strategic Workforce Planning (U.S.)
- Council on Strategic Workforce Planning (Europe and Middle East)
- Strategic Workforce Planning Academy
Acknowledgments

Many thanks to my colleagues for their helpful feedback on this report: Rebecca Ray, Joe McCann, Chuck Mitchell, and Sara Churchville at The Conference Board, and Amit Mohindra at McKesson.

To Order Publications, register for a meeting or to become a member:

Online  www.conferenceboard.org

Email  orders@conferenceboard.org

Phone  customer services at +1 212 339 0345

Other Publications from The Conference Board

The Conference Board Review is the quarterly magazine of The Conference Board. Founded in 1976, it is a magazine of ideas and opinion for the world’s business leaders that raises tough questions about leading-edge issues at the intersection of business and society. www.tcbreview.com

StraightTalk® The Conference Board Chief Economist Bart van Ark provides economic research, objective analysis, and forecasts to help new economy business executives in their strategic decision-making assess economic conditions affecting their markets worldwide. www.conferenceboard.org/straighttalk