



## WORKFORCE planning guide

This workforce planning guide is provided for organizational leadership, managers, supervisors, human resource personnel and others who have a shared responsibility to ensure successful implementation of a workforce planning process. There are variations in workforce planning terminology; however, all workforce planning models are very similar. This guide has been developed for NC state government from research and a study of workforce planning models provided by federal and state governments, private entities and associated literature, and adopted from the study of other models for its simplicity and functionality. Links to the workforce planning models and articles used are provided at the end of this guide for further research and options.

Each agency has a unique operating culture and business needs. This planning guide should be modified to meet your specific needs. Your developmental strategy should include a variety of approaches that fits the needs of your organization. There is no one-size-fits-all solution.

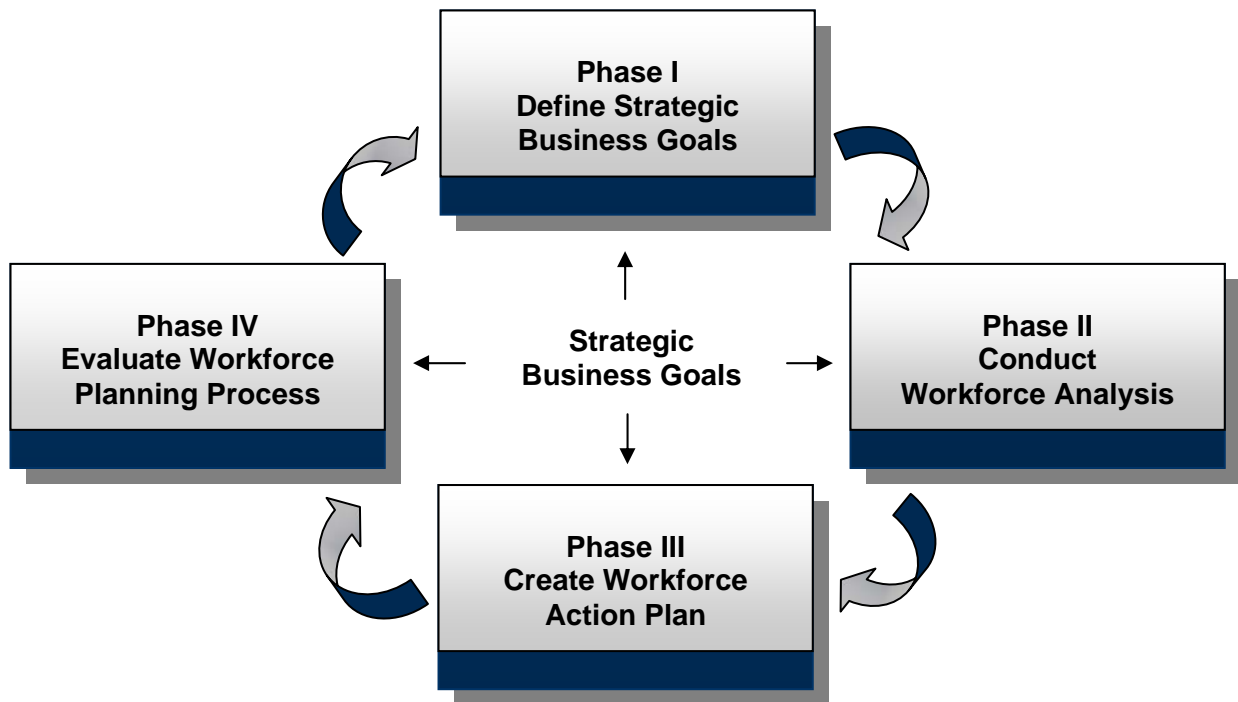
The development and implementation of a workforce plan will require organizational commitment and staff resources. Senior managers should endorse and provide leadership for the workforce planning process, ensure that workforce plans are aligned with strategic directions, and assume responsibility for their staff's participation in the process.

It is recommended that a coordinator be appointed to champion, organize and lead the workforce planning process. It is further recommended that a dedicated workforce planning team be formed consisting of HR professionals, organizational leadership, and managers and supervisors. The size of your team will depend on the size of your agency. It is important to realize that workforce planning is a management function as well as an HR function. HR and management must engage in a strong partnership for workforce planning initiatives to be successful.

Communications should clearly state that workforce planning is about talent management. It is about hiring, motivating, developing and retaining talent. The capacity to perform workforce planning will take time to develop. Start small. You should consider targeting those areas of the workforce that will have the greatest strategic impact – for example, key positions, positions hardest hit by attrition and that are the most difficult to fill.

## STRATEGIC Workforce Planning Model

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## STRATEGIC Workforce Planning Model Overview

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### PHASE I – DEFINE STRATEGIC BUSINESS GOALS

Answers the question: What are our key business goals for the next two years and what are the human capital implications of those strategic goals? Identify major business strategies that have human capital implications. Not only do the business strategies determine the demand for labor, they also help the organization determine the demand for other functions such as training and development.

### PHASE II – CONDUCT A WORKFORCE ANALYSIS

Answers the Question: What are the human capital implications of our strategic goals and how ready is our workforce and organizational structure to execute these goals? Determine the current supply and forecast the expected demand for human capital to successfully execute the agency's business plan. Use attrition factors and the current supply to complete the analysis. Examine the gaps between the demand and supply.

### **Step 1 - Supply Analysis**

Profile of current workforce to project future composition needed based on current staff, trend data, and information from managers and supervisors

### **Step 2 - Demand Analysis**

Determination of future staffing requirements

### **Step 3 - Gap Analysis**

Comparison of the present workforce to future workforce needs to identify gaps and surpluses

## **PHASE III – CREATE WORKFORCE ACTION PLAN**

**Answers the Question: What talent management and job changes are needed to execute our strategic goals?** Develop and implement a variety of solution strategies comprised of tools, best practices and innovative ideas to eliminate identified and impending talent and skills gaps over a period of time.

## **PHASE IV – EVALUATE WORKFORCE PLANNING PROCESS**

**Answers the Question:** How well are our talent management efforts helping us to achieve our strategic goals and where can we improve? Unexpected business shifts as well as planned changes will require regular revisits to the forecasts. Develop an evaluation process including metrics to determine the success of workforce planning initiatives.

## **STRATEGIC Workforce Planning Model**

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### **PHASE I – DEFINE STRATEGIC BUSINESS GOALS**

If your agency has completed a strategic planning process, workforce planning normally follows that process. By having a strategic plan, the workforce planning team will clearly understand the mission, goals and strategic objectives of the organization. There is a distinct link between [strategic planning and workforce planning](#) that together provides a roadmap for determining the future direction and needs of your organization.

If your agency has not completed a strategic plan, you may wish to consider that step before continuing this process. At a minimum, you will need to have an in-depth discussion with your organizational leadership to obtain information regarding your agency's business direction in order to understand the human

capital requirements for the future. There should be a clear understanding of organizational objectives and the link to workforce planning.

## ORGANIZATIONAL LEADERSHIP SHOULD CONSIDER THE FOLLOWING QUESTIONS:

- What are our strategic goals and objectives?
- Do we have the right competencies and the people to achieve our objectives?
- If not, are we willing to set in motion strategies to obtain the needed competencies and resources to meet our business needs?

## PHASE II - WORKFORCE ANALYSIS

Workforce analysis is the process of aligning your workforce planning efforts with current and future business requirements and forecasting staffing needs based on assumptions of retirement and turnover. This phase involves gathering and analyzing specific information about staffing levels, skill sets and competencies needed in your workforce. The analysis process consists of three steps: supply, demand and gap analysis. It is the process of looking at your current talent supply, projecting demands for the future, and realizing potential gaps and surpluses in order to enable action planning to eliminate the gaps.

There is a variety of sources that can be used to collect needed and valuable information. It is recommended that workforce analytics be used as well as on-going dialogue with managers and supervisors. You may wish to consider structured interviews or focus groups to begin the process of gathering information, and understanding specific needs and challenges. The involvement of managers and supervisors is critical, as they are the eyes and ears of an organization and are a source of valuable information.

**To begin the process, you may consider asking managers and supervisors the following questions as a means of introducing the workforce planning process and to begin to understand their needs.**

- What are the talent issues or concerns that need attention in your area?
- Is it an immediate, critical issue or do you have time to plan?
- Are you having difficulty recruiting for a particular position or positions?
- Are you having difficulty retaining employees in a particular area?
- Are you anticipating retirements in a number of key positions?
- Do your employees have the knowledge, skills and abilities to do their job well?

- Are your employees engaged?
- Are there obstacles and barriers that get in the way of employees doing their jobs?
- Are there areas of work where process improvement would enhance productivity?

## STEP 1: SUPPLY ANALYSIS

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Supply analysis involves profiling your current workforce and projecting the future composition needed. This step involves analyzing specific attributes of the current workforce, reviewing trend data and projecting the future workforce supply.

You may want to consider focusing your attention on a limited number of positions within divisions or occupational groups until you gain more experience in this process. You may wish to consider the following positions in your initial profile:

- Key positions - positions designated by an agency that include responsibility for performing mission-critical work necessary for an organization to achieve its business goals. The work involves planning, designing, delivering or managing the flow of essential services. A vacancy in a key position of over one week would have a negative impact on the delivery of services because of the criticality of the work.
- Positions hardest hit by attrition - positions that have a high turnover rate or have a high number of employees who are eligible or soon to be eligible to retire.
- Positions most difficult to fill - positions that historically are difficult to recruit for and talent is not readily available.

## CURRENT SUPPLY

The current workforce profile is a starting point to assess the workforce your organization will need in the future. Supply analysis provides the data needed for this profile. Analysis of the current staffing levels or composition of the current workforce should include:

- What jobs now exist
- How many people are performing each job
- How essential is each job
- Are there jobs that are no longer needed

Next, detail the following attributes of your current workforce by divisions or units:

- Number of employees
- Number of positions
- Existing skills/competencies
- Performance ratings
- Employee competency levels

Include any other workforce dimensions that are considered important to your particular agency business.

## TREND DATA

Trend data provides a picture of what has occurred in the past. This information also can help predict the supply of skills that may be available in the future and help project the future workforce supply needed. Trend information, combined with the current workforce profile, is an essential building block for forecasting workforce supply.

Trend data may include the following:

- Hiring patterns (time required to fill vacancies, average number of vacancies in a year, etc.).
- Retirement patterns
- Employee turnover
- Average years of service
- Quality of new hires
- Transfers
- Promotions
- Projected workforce based on expected attrition
- Retirement eligibility
- Resignation (based on previous turnover data)

## STEP 2: DEMAND ANALYSIS

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Demand analysis helps you determine your agency's future workforce needs. The focus of this step should be on the work that the agency must perform and on the staff needed to perform that work. Some of this information can be obtained from your agency's strategic or business plan. Additional information can be obtained through environmental scanning that involves examining

external trends in your operating environment. You can identify more information through organizational analysis that involves examining internal factors that are affecting or could affect the workforce.

Using data from your supply analysis, this step will guide you to forecasting your workforce demands. You may wish to consider the following items.

## ENVIRONMENTAL FACTORS

Identify internal and external environmental factors that will impact decisions such as legislative changes, agency initiatives, budget trends and patterns, etc.

## DEMOGRAPHICS

Identify significant demographic issues such as the aging population, high turnover, disengaged workers, etc., that are likely to influence the demand placed on the agency.

## TECHNOLOGY

Investigate how technology can and will be used to enhance service provision (for example, BEACON).

Identify jobs that will be affected by technological enhancements.

Determine whether any changes in technology will affect the number of employees needed to do the work or the types of skills needed.

## ECONOMICS

Consider economic factors that have particular relevance to the agency and its provision of programs and services.

## LABOR MARKET

Identify relevant labor trends to determine anticipated occupational shortages.

To conclude this step, you should have a strong forecast of your human capital requirements for your planned period of time that includes:

- Anticipated work to be accomplished in terms of volume, duration and location
- Anticipated number of workers needed
- Anticipated skills or competencies

## STEP 3: GAP ANALYSIS

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Gap analysis is the process of comparing the workforce supply analysis to the workforce demand analysis to identify the differences or “gaps” and surpluses in staffing levels and skill sets or competencies needed for the future. The supply analysis identifies what resources currently are available within the agency. The demand analysis determines what resources will be required in the future. The process of reconciling the differences between your supply and demand establishes the roadmap for action plans that need to be considered for development and implementation.

- A **gap** (projected supply less than forecasted demand) indicates a future shortage of needed employees.
- A **surplus** (projected supply greater than forecasted demand) indicates future excess that may require action.

As you begin looking at your gaps, it may be helpful for you to address some key questions to identify your own unique situation and the challenges associated with the changing demographics of your workforce.

### WHICH EMPLOYEES ARE LIKELY TO RETIRE IN THE NEXT FIVE YEARS?

- How many of these individuals are key leaders/managers?
- How many of these individuals have specialized technical knowledge?
- How many of these individuals are in mission-critical and key positions?
- How many of these individuals have critical institutional knowledge and skills?
- What does your recent history say about your ability to recruit for these jobs?
- What is your turnover rate for key positions and positions that are difficult to fill?

### HOW WILL YOUR WORKFORCE BE DIFFERENT IN FIVE YEARS?

- Which generations will still be working? Which will be retiring? Which will be coming into the workforce? What are the characteristics of each of these generations?
- How will the racial and ethnic backgrounds differ from today?
- How will educational backgrounds be different?
- Will future employees require different competencies?

## HOW WILL HUMAN RESOURCE ISSUES BE DIFFERENT IN FIVE YEARS?

- What role will technology play?
- Will it be able to replace some workers?
- Will a higher level of training in technology be needed?

Adapted from the League of Minnesota Cities' City Employees and Workforce Planning – Getting Started 1

## WORKFORCE PLANNING TOOLS

A [Workforce Gap Analysis Spreadsheet](#) has been provided to guide you through the workforce analysis (Phase II) of the workforce planning process. This spreadsheet can be populated by the Office of State Personnel per your request by contacting:

Performance.Solutions@ncmail.net

Completing your gap analysis allows your agency to move forward to begin to plan for eliminating identified gaps. With the completion of the workforce analysis process and by producing solid data on “trouble spots”, you have established a business case that enables work to begin towards closing the gap between current and future human capital needs.

## PHASE III – CREATE WORKFORCE ACTION PLAN

Agencies create workforce action plans based on information collected through the gap analysis process and gathered from dialogue with managers and supervisors. This input is the basis for determining solution strategies that should be considered for implementation to eliminate identified gaps. By the time you get to this point, you should have a clear picture of the issues and challenges faced across your organization by division and by occupational areas.

HR leadership is typically the primary recipient of the workforce planning output and will be responsible for executing an action plan. You may wish to consider the following questions and respond based on your workforce analysis and information gathered from your managers and supervisors.

- What are the three to five most critical workforce planning challenges facing your organization today?
- What are the most common themes that emerged from your dialogue with managers and supervisors?
- What is the organizational impact if these challenges are not addressed?

- What, if any, actions are underway to address these challenges?
- Is there enough time to develop staff internally for anticipated vacancies or new skill sets, or is targeted external recruitment the best approach?
- Does existing staff demonstrate the potential or interest to develop new skills and assume new or modified positions, or is external recruitment needed?
- What competition exists for future skills? Will the agency need to recruit for these skills or develop them internally?
- Do current job classifications and position descriptions reflect future functional requirements and skills?
- Will some divisions need to be reorganized to meet business needs and strategic objectives?
- What are the recommended solution strategies that the organization can take to address the challenges?
- Are there areas of work where internal process improvement is needed?
- What will be required in terms of human and financial resources to carry out these strategies?

Adapted from the Partnership for Public Service

## SOLUTION Strategies

Organizations create their action plans based the results of the gap analysis and on information gathered from workforce planning discussions throughout the agency. This input is the basis for defining targeted solution strategies that should be considered for implementation. This step involves implementing strategies that can be used to eliminate gaps or otherwise improve workforce processes and practices that have an impact on talent management. As you begin to identify solution strategies needed, consider the following questions.

- What should we do to prepare for our changing needs and changing workforce?
- What strategies should we employ?
- What are some possible solutions to workforce shortages and changes?
- What is our Employment Value Proposition? (An EVP is an understanding of the attributes that are considered most important for driving attraction and commitment in an organization. Research shows that there are specific attributes that initially *attract* employees, and specific attributes that help to *retain* employees.)

- Are we communicating it consistently to potential employees? Do we have credibility in the labor market? Are we consistently delivering the EVP to employees? What more can we do to engage employees as advocates?
- Are there workforce process improvements that can be implemented?
- Do solutions require legislative or policy change?
- What are the constraints against implementing strategies?
- What are some possible solutions to those constraints?

A variety of solution strategies, tools and innovative ideas have been developed as part of the Office of State Personnel's Performance Solutions initiatives for your consideration. The solution strategies include the development of programs, practices and models to assist agency's to staff, motivate, develop and retain a competent, high performing and diverse workforce. The Office of State Personnel, in conjunction with contributors from various agencies and universities, has produced this toolkit. Each solution strategy can be viewed in its entirety by clicking on the title.

Recommended solution strategies consist of initiatives in the [Staffing](#), [Motivation](#), [Development](#) and [Retention](#) areas:

## STAFFING

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- **RECRUITMENT STRATEGIES**  
[Recruiting](#) the best employees for your organization is an on-going challenge for every manager, supervisor and Human Resources professional. Recruitment is an activity that impacts the performance of the entire organization. The challenge is to find top-performing employees who meet your organizational needs and culture. The right recruitment strategies can help you find and attract the right people at the right time.
- **SELECTION**  
[Selection](#) is a systematic process for reviewing applications, evaluating competencies and determining the best fit for each position. Selection strategies also include evaluating the strengths and weaknesses of selection processes in order to increase the number of quality hires in a timely manner.
- **SUCCESSION PLANNING**  
[Succession planning](#) is a process that identifies key or critical positions that will become vacant within a specified amount of time (typically from 18 months to five years) and the competencies necessary for successful performance. It identifies and selects employees who have the capacity to

develop those required competencies; designs and administers appropriate career development techniques that allow those employees to acquire the competencies needed for successful performance; and appoints the most qualified person to each position.

## Motivation

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- **PERFORMANCE MANAGEMENT**

Any solution, to be effectively executed, must be “plugged into” the [performance management](#) process. Performance management is the primary means organizations have for executing their strategy through their people. For a solution to happen, someone (or some group of people) will need to be held accountable for taking the actions necessary for the solution to succeed and for achieving the results for which the solution has been initiated. Establishing expectations and defining accountability for carrying out actions and achieving results is what performance management does.

- **REWARDS AND RECOGNITION**

An effective [rewards and recognition](#) program is a key component of a performance culture. Simply put, if there is no means of recognizing top performance, there is little incentive to achieve it. Employees need tangible feedback in order to know when they’re doing a good job. When organizations have a “culture of recognition,” employee job satisfaction and retention improve. This section features tools, techniques and tips to help HR professionals and managers implement a culture of recognition.

- **WORK ENVIRONMENT**

The [work environment](#) has a significant impact upon employee performance within any organization. A model of a high-performing work environment has been developed, using the acronym, “PERFORM”. It identifies the attributes found in such an environment, and provides tools to help managers perform self-assessments to identify and increase their awareness of the primary obstacles affecting performance management within their unit. In addition, tools are provided to assist agencies in developing strategies to remove the barriers and obstacles that can block or slow performance.

This initiative provides tools to measure employee engagement, which has been proven to have a positive effect on productivity. Managers will receive guidance on how to focus on the primary issues affecting employee engagement and how to take corrective steps to move their organization toward becoming a high-performing work environment.

- **CAREER DEVELOPMENT**

A [career development](#) program is a self-managed program that allows employees to make informed decisions about their work lives. This program provides tools and resources to help employees assess their knowledge, skills and competencies, personality traits and characteristics, work environment, values, leadership and managerial skills, and communication skills.

Career development also includes helping employees to set goals, explore career options and create a strategic development plan that formalizes goals, creates action steps for achievement, and sets dates for completing the steps. “Development opportunity” is an organizational attribute that drives employee commitment and retention.

- **LEADERSHIP DEVELOPMENT**

Organizations succeed to the extent that they have effective leaders – individuals who thrive on meeting challenges, solving problems, taking the initiative, implementing needed change, and influencing others to make the right things happen. And not just at the top of the agency, but throughout - from the visionary agency head to the insightful frontline worker, from the dynamic operations supervisor to the resourceful administrative support person. [Leader development](#) is about building leadership skills at all levels of the agency as well as assuring that there are people being developed today who will be prepared to step into leadership roles to meet the challenges of tomorrow.

## Development

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- **KNOWLEDGE TRANSFER**

[Knowledge transfer](#) requires strategies for capturing, transferring and retaining knowledge that is critical to the organization’s ability to achieve its goals and objectives prior to its loss through attrition of valuable employees. NC’s Knowledge Transfer Program offers workable solutions to this problem in three easy steps. [Step One](#) involves identifying “[Key Positions](#)” and “[Key Employees](#)” with critical knowledge that is at risk. [Step Two](#) identifies the content and type of knowledge required in the position and/or held by the employee, then determines the [KT Models](#) or methods to capture and transfer that knowledge. Finally, [Step Three](#) is monitoring and evaluating the effectiveness of the KT plans and tools used.

Models, with associated tools, describe methodologies that may be incorporated into the performance plans for both the organization and the employee. Cultivating a culture of knowledge sharing is a win-win proposition for both employee and employer.

- **DIVERSITY MANAGEMENT**

Diversity management involves a combination of programs, policies and activities that support an environment in which wherein employee differences are valued and integrated into each part of an organization's operations. These efforts combine to form a comprehensive diversity management initiative that enhances both the performance and the cohesiveness of an organization.

## Retention

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- **RETENTION**

Retention requires a focused initiative designed to reduce turnover of talent with emphasis on the use of diagnostic tools to understand the reasons why employees leave and why employees stay. This initiative recommends retention strategies for agencies to consider that encourage employees to develop and prosper in their employment growth by having policies and practices in place that address their diverse needs. The concept of Employment Value Proposition (EVP) as a retention initiative is presented to understand the employment drivers that help to retain employees.

The materials in this section may be used or adapted for your specific agency needs. Human Resource Consultants from the Office of State Personnel are available upon request to discuss each solution strategy in detail.

## PHASE IV – EVALUATE WORKFORCE PLANNING PROCESS

Successful workforce planning is an active and continuous process. On-going evaluation and plan adjustments are the keys to continuous improvement and to achieving your targeted goals. You must continue to monitor and refine approaches to meet the demands of internal or external developments.

As a part of the evaluation process, feedback opportunities must be built in to obtain information on how well the organization has accomplished the action plan and how effective the outcomes have been. This can be accomplished by meeting with managers and supervisors, using surveys or requesting progress reports. You want to measure the success of any solution strategy that has been implemented to determine the level of success.

The evaluation process, based on the solution strategies implemented, may include the following examples:

- Did the action plan accomplish what the organization needed?
- Do adequate staffing levels exist?
- Has turnover been reduced?
- Are the skills of employees being developed quickly enough to become effective?
- Are you able to recruit for the talent needed?
- Are you consistently communicating our Employment Value Proposition (EVP) to potential employees?
- Does our EVP have credibility in the labor market?
- Are you consistently delivering the EVP to employees?
- Has the hiring process improved?
- Has the selection process improved?
- Do new hires possess needed competencies and skills?
- Has overall organizational performance increased?
- Are you able to appropriately plan for succession replacements for retirements?
- Are you able to successfully transfer knowledge?
- Are you able to build internal leadership capabilities?
- Are employees more engaged in their work?
- Have employee barriers and obstacles been removed?
- Have internal processes been streamlined to be more effective and timely?

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