

Workforce Planning Connect

Right Skills. Right Time.

An introduction to
workforce planning
for SMEs

Introduction

Industries today are constantly changing, which is likely to have some impact on your business. New technologies, changes in the economy and access to capital are just some areas of change and uncertainty.

Change can mean growth or decline in markets and your customer base, and an increase in competition. Many businesses use workforce planning to help think ahead and manage change.

Workforce planning can be defined as 'the systematic identification, analysis and planning of organisational needs in terms of people'.

Workforce planning helps position businesses to respond to workforce needs, now and into the future. When done effectively, it can deliver many benefits and positive outcomes.

Jobs Queensland, in collaboration with the Business Chamber Queensland (BCQ), has developed the Workforce Planning Connect suite of resources to help small and medium-sized enterprises (SMEs) across all industries to:

- **understand** the benefits and advantages of workforce planning
- **build** their knowledge of workforce planning
- **grow** capability and skills in workforce planning.

This guide offers an introduction to the concepts and processes of workforce planning and provides a quick overview of the key steps involved.

Why is workforce planning important?

A good workforce plan will give you a solid understanding of your current workforce and how to prepare your workforce for the future. Workforce planning that is effectively integrated with business strategy and planning can benefit your business through:

- responding quickly and strategically to change
- linking your workforce initiatives to your finance and business planning
- improving efficiency, effectiveness and productivity
- reducing employee turnover
- attracting staff to key roles, reducing skills shortages and increasing job satisfaction.

What does workforce planning involve?

Workforce planning is about planning for the people who will help your business deliver its products and services to your customers. There are four dimensions of workforce planning:

- **Who:** securing, fostering and retaining the right **people**
- **What:** identifying the right **skills**, training and development required
- **Where:** aligning people to the right **roles** and responsibilities
- **When:** ensuring that these components come together at the right **time**.

Workforce planning works best when integrated with your normal business planning processes. Businesses that align strategic, business and workforce plans are better placed to identify current and future workforce requirements.

The Workforce Planning Connect resources help you to understand what workforce planning is and why it is important to your business, in an easy to use format.

FOUR KEY STAGES



1. GET STARTED

- Understand what workforce planning is and why it is important to your business
- Consider who should be involved
- Look at what information you already have



2. GATHER INFORMATION

- Define your business goals and operating environment for the period of your workforce plan
- Know your current workforce – who they are, what skills they have, where they are located and what their plans are
- Consider your future workforce requirements



3. IDENTIFY ISSUES AND FIND SOLUTIONS

- Identify strategies and actions to fill any workforce gaps to address workforce risks



4. DEVELOP, IMPLEMENT AND MONITOR

- Develop, implement and monitor your workforce plan to make sure it is achieving its aims
- Review your workforce plan each time there is a change in your business or workforce



Stage 1: Get started

Undertaking workforce planning for the first time can feel like a daunting process. It doesn't have to be. In fact, you are already likely to be doing some workforce planning activities within your business, such as developing new skills or recruiting additional employees.

Workforce planning is a more systematic approach that can be successful in businesses of any size. Workforce planning does not need to be complicated, but it does require thought and engagement with your staff.

Things you will need to consider include:

- Who should be involved in developing the workforce plan?
- You must be clear on your business goals and activities, including products and services to be delivered. This will be very important in developing your workforce plan.
- What workforce information do you already have?
- What workforce information can you collect relatively easily?
- Is there commitment to implementing identified actions?



Stage 2: Gather information

Workforce planning is about your workforce – the people who will deliver your business' products and services to your customers.

WHAT ARE YOUR BUSINESS GOALS?

To ensure you are best positioned to have the right combination of people, skills and employment types across your workforce, you must be clear about your business goals and the means through which you will strive to achieve them. Consider:

- specific business goals and outcomes over a relevant time period (e.g. 12 months)
- the key challenges in achieving these goals and potential barriers to success
- the skills or development required of your current and future workforce to achieve your business goals.

WHAT DOES YOUR WORKFORCE LOOK LIKE NOW?

The current state of your workforce reflects your workforce supply and can be shown through data you have already collected. The analysis should use the most recent workforce data available, but historical data is also helpful. As a minimum, data should cover the previous 12 months.

Key workforce supply data to consider include:

- **staff composition:** permanent/temporary, full/part-time, contracts
- **skills/occupations:** skills/current capabilities, qualifications
- **turnover:** resignations, retirements
- **practice arrangements:** flexible hours, leave allowances, shift work
- **costs:** wages/salaries, overheads, variable costs (e.g. training).

The presentation of workforce supply data should occur in a way that allows for easy understanding and analysis of the information over time, such as the use of graphs and charts.

WHAT DOES YOUR FUTURE WORKFORCE NEED TO LOOK LIKE?

Understanding your future workforce needs reflects your workforce demand, and requires estimating the number and types of employees required to deliver on your business goals.

The workforce information you may already collect or consider when making plans for the future of your business could include:

- What will drive your future workforce needs? One or more of these scenarios will fit your business plan:
 - business growth – an increase in demand for products and services or a shift into new areas
 - maintaining current business size and operations
 - business downsizing following a decrease in a product line or service.
- What skills and capabilities will be required? This might include:
 - changing or maintaining existing skills and capabilities
 - new methodologies or technologies
 - availability of skills/occupations in existing and external workforces
 - expected workforce costs
 - fixed, overhead and variable costs.

Once you have compiled the this workforce demand data, you are able to compare this information to provide an overall picture of your workforce gaps. This process is commonly referred to as a gap analysis.

IDENTIFYING ISSUES – GAP ANALYSIS

Gap analysis involves assessing three types of interdependent workforce gaps.

- **Workforce numbers and roles:** workforce numbers and roles can be expressed in terms of headcount or FTEs (full-time equivalents).
- **Skills gaps:** these gaps encompass the skills and capabilities required for future business operations that you may not currently have.
- **Demographic profile:** analysis of your current workforce may highlight significant trends that require addressing, such as an ageing workforce or diversity imbalances in roles where the workforce does not reflect the community.





Stage 3: Identify issues and find solutions

Leveraging from the information you have gathered in Stage 2, you are now ready to assess the level of workforce risk to your business, identify your solutions and prioritise them so you can begin taking action.

PRIORITISE THE RISK

A workforce gap equates to a level of workforce or business risk. Understanding the level of risk and its potential business impact will help determine whether or not to address the gap.

FINDING YOUR WORKFORCE SOLUTIONS

○ Develop your existing workforce skills and capability

Investing in the training and development of your workforce is a key strategy that can achieve improved productivity outcomes for your business. It can also improve employee job satisfaction and engagement. There are various approaches available to develop the skills of your workforce. This can include on-the-job training, accredited and non-accredited training, mentoring and coaching, as well as attendance at industry events.

○ Attract new employees to address skills gaps

With increasing competition for skilled employees, attracting the right people is a critical factor for the success of a business. There are many ways to connect to potential employees. Preferred web-based recruitment and social media sites are important tools in our current environment to reach out to jobseekers. Other strategies include partnering with organisations, such as schools, vocational education providers or universities.

○ Retain valued employees

Replacing valued staff is a costly exercise. Businesses are faced with recruitment costs, as well as lost corporate knowledge, networks and experience, and it takes time for new staff to become fully productive. There are many reasons employees will consider leaving a business. Finding out why people are leaving, what employees are thinking and what they want can be done through staff surveys, exit interviews and regular conversations. Understanding specific workforce needs will allow the development of strategies and actions that will support the business to keep valued employees.

○ Manage the workforce through business change

Responding to change is not a 'one size fits all' approach. To get the best outcomes for a business and workforce, anticipating and planning for any significant change is important. Once it is clear what the impact and timing of the change will be, planning can commence. Successful change within a business can be achieved through clear communication, engaging staff in discussions on how best to implement and manage the change, identifying skilling, upskilling and reskilling requirements, and providing transitional support to those affected by job changes.



Stage 4: Develop, implement and monitor

DEVELOP

The Workforce Planning Connect website provides all the tips and resources you will need to take the next step on your business' workforce planning journey. The website provides access to:

- an extensive toolkit to guide you step by step through the workforce planning process
- templates, worksheets and guides that can be customised to your business
- links to other practical workforce planning and development resources and tools.

IMPLEMENT

A sound action plan will identify:

- what needs to be done (e.g. implementing flexible working arrangements)
- who is responsible (e.g. general manager)
- when it needs to be addressed (e.g. as an immediate priority).

When implementing your plan, there may be a need for additional resources (e.g. training and technology), or for redeploying current staff to accommodate greater flexibility in the workplace.



Monitor and review

To determine whether you are successfully handling workforce issues, it is useful to revisit your goals.

Like business and financial plans, your workforce plan should be a living document, reviewed periodically to ensure its relevance. It may also be necessary to redesign your workforce plan in response to changes in business goals and the operating environment.

To find out more, visit the Workforce Planning Connect website at www.jobsqueensland.qld.gov.au/wpc



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