


WORKFORCE PLANNING:

**A strategic approach to addressing
your future workforce requirements**



In a nutshell, workforce planning is a systematic approach that ensures you have the right people with the right skills in the right place at the right time to fulfil business objectives. In practical terms, workforce planning involves taking a step beyond traditional everyday HR metrics such as head count, attrition and engagement, to leverage wider workforce analytics that allow HR leaders to support and guide senior leadership decisions around resource allocation that lead to business boosting efficiency gains. Regardless of size, sector or situation, for organisations looking to achieve more with less, workforce planning provides vital business intelligence to those responsible for manpower decisions.

To understand workforce planning and how it can make a positive impact to your bottom-line, this guide will address;

- The key steps in a workforce planning exercise?
- The tangible benefits it can bring?
- Case Study: How workforce planning paid off for a North East manufacturer
- How to get started on workforce planning?
- How can a consultant help and how to choose the right one?

WHAT DOES WORKFORCE PLANNING ENTAIL?

Workforce planning is an in-depth review of current working patterns in terms of how the workforce is organised. The review is tailored to the goals and challenges of the organisation, but generally, it looks at:

- Ensuring staff hours and shifts match with production demand
- The pay load for each stage of the production process
- Pay rates compared to national and regional benchmarks
- Job roles and opportunities for cross-training
- Demand and labour fluctuations (day/week/month) as well as seasonal production
- Shift premiums and overtime
- Agency workers contracts

Ultimately the purpose of the exercise is to use robust analytical methods to spot opportunities for more efficient working patterns or methods. So the organisation can review what is happening right now and efficiently align the workforce to future output requirements.

The analysis is delivered in report format with recommended next steps and the potential savings for each change made. Ultimately, workforce planning should lead to more efficient and affordable staffing model.

With many organisations making significant inroads into their own lean transformation journey, addressing staffing and working practices is often seen as the logical next step. Add to this, the backdrop of an uncertain economic climate and it's no wonder senior leaders are turning to their workforce to drive further cost & efficiency gains. MAKE UK's Senior HR Consultant Leigh Freeman says "we've seen a recent increase in requests for workforce planning, and often that's been in response to a desire to squeeze operational costs or as part of a lean agenda.

Whatever the reason, clients are often surprised at the savings workforce planning can deliver." Workforce planning is the best way to identify where you can boost productivity and unearth cost savings through a smarter approach to matching working patterns to the demands of the business. For the HR Manager, it puts strategic HR at front and centre of the corporate agenda, addressing issues of concern for everyone from FDs and MDs to Operations Directors.

WHAT ARE THE PROBLEMS WORKFORCE PLANNING HELPS SOLVE?

Typically, organisations turn to workforce planning because there is a concern over staffing costs such as overtime or agency workers. Alternatively it might be a 'gut-feeling' that your workforce is not operating at optimum levels and you're looking for the forensic analysis to guide decision making.

PROBLEM	WORKFORCE PLANNING SOLUTION
Team leaders aren't managing shifts effectively with shifts running with too many staff	Match shifts to production requirements
Wide variety of job roles that overlap or have not evolved with production needs	Cross-train staff to allow for a more flexible, less traditional view
Not effective management of overtime	Examine where overtime is used and if it is necessary
Use of agency workers	Examination of these job roles and if they are still necessary or they should be brought on as employees to achieve cost savings
Unsure if current pay rates are in line with industry standards	Compares current pay rates by job role against national and regional benchmarks

CASE STUDY

Workforce planning paid off for a North East manufacturer. Make UK undertook a workforce planning project for a mid-sized UK manufacturer in the northeast. The manufacturer had stagnating profits and wanted to achieve cost savings through the reorganisation of the workforce in terms of shifts and new working practices (such as annualised hours or a flexible working approach).

MAKE UK experts worked directly with the company on a bespoke approach that included an analysis of monthly:

- Employee contractual hours
- Overtime hours and premium
- Agency hours
- Demand throughput
- Employee wages
- Allowances
- Shift premia data
- Employee skill base
- Job roles and pay grades
- Current production process broken down into stages and departments

The findings of the analysis were that:

- Only one department allowed (and paid a premium for) overtime work
- Two departments used agency workers which were not always necessary
- Demand varied month-to-month but staffing did not change to match
- Some phases of the process were understaffed and some overstaffed
- No clear pay grade system in place
- Some roles were overpaid compared with industry benchmarks

These findings came with eight main recommendations that highlighted a £95,000 annual saving through a mix of changing working patterns, reducing agency staff and upskilling certain team members.

How can a consultant help and how to choose the right one? Many organisations looking to undertake workforce planning turn to a consultant for an expert, impartial view on their processes and policies.

The active phase of takes several weeks, although the data gathered for the analysis must be for at least six months and ideally twelve. The consultant undertaking the project will work with HR, payroll or accountancy staff to compile the necessary information from, such as production data, forecast data, production process and staff shifts, roles and pay.

The consultant must have an understanding of HR, operations and legal implications when drafting their recommendations.

So, when selecting a consultant, here are a few questions to ask:

- Do they have a background in HR law and compliance requirements for staff, such as TUPE?
- Do they have a full picture of related legal requirements for your industry (such as health and safety considerations that require a certain number of workers on a particular job)?
- Do they have an understanding or operational experience of my industry?
- Have they worked with similar types of companies experiencing similar issues?
- Can they help implement the recommendations, such as drafting new policies and changing terms and conditions?

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