



Whitepaper

Strategic workforce planning:

closing the gap between finance and HR.

Tumult and uncertainty have made workforce planning particularly challenging in recent years. The Great Resignation (punctuated by record vacancies in the United States and UK) gave way to widespread economic uncertainty and high-profile layoffs. Meanwhile, the larger trends toward contingent labor, offshoring, and automation have continued, and many workers emerged from the pandemic clamoring for [greater flexibility and professional development](#).

Against this backdrop of disruption, it's clear that traditional, tactical workforce planning isn't only ineffective, but it leaves organizations unprepared and reactive to whatever risk or opportunity next crests the horizon. Strategic workforce planning, by contrast, aligns the composition of your workforce with your strategic objectives. It brings finance, HR, and operations together, and rolls everything from strategy to headcount analysis, talent mix to organizational changes into the same conversation and system. The result is a workforce plan that's both flexible and future-oriented and that's centered on matching talent to strategy, rather than headcount and titles.

"Businesses will encounter constant disruptions in the future," says Sandeep Mota, director, human capital advisory at KPMG. "Strategic HR leaders need to reinvent their workforce approach to create an energized employee base with the skills and drive to confront tomorrow's challenges."

An organization's ability to keep up with business priorities has always relied on its workforce. But the reality is that both an organization's strategies and the skills it needs are constantly evolving—and the pace of that evolution is accelerating as well. When business leaders want to move into a new market, pivot to a different product line, or embrace an emerging technology, talent is the biggest factor that can fuel or disrupt that move. Do we have the right deployable skills ready for this initiative? What's the optimal workforce mix of buy (recruit), build (reskill), borrow (contingent), and bot (automate) to drive success? And what are the upstream and downstream implications of launching now versus later?

Keeping workforce skills and C-suite strategy in lockstep doesn't happen by accident. It results from continuous planning, supported by decision-ready data and cross-functional collaboration. Yet data accessibility remains a fundamental roadblock for many. Only 12 percent of organizations say that data is fully accessible to those who need it, according to a 2022 [global Workday survey](#). And roughly half of leaders (49 percent) say that an inability to connect operational, people, and financial data to business outcomes impairs agility.

As HR leaders seek to best align business needs with workforce talent, they're also actively forecasting future workforce demand and crafting plans to bridge critical gaps and safeguard critical people. That make-or-break planning simply can't happen when data cribbed from siloed departments is put into a static plan. To thrive in the face of uncertainty—and build the kind of workforce an agile business needs—workforce planning must be approached as the strategic force it can be.



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Sandeep Mota

Director, Human Capital Advisory,
KPMG

Planning for the future.

Nearly 4 in 10 C-level executives point to a lack of relevant workforce skills as the biggest blocker of transformation at their organizations, the [Workday survey](#) shows. Not having the right skills ready puts new initiatives at risk; it can also jeopardize an organization's ability to meet customer needs in the here and now.

“Workforce disruptions risk creating a downward spiral,” says KPMG’s Mota. “If you don’t have the people to deliver on existing orders, you lose business. And once there’s a loss of business, the employee value proposition also changes. Employees no longer want to join or stay, resulting in further loss of business.”

Workforce disruption—in the form of burnout, skeletal staffing, and process upheaval—certainly contributed to the tidal wave of voluntary attrition that dominated the pandemic. But it also sparked a “fundamental shift in employees’ attitude to work,” says Shetul Shah, a former FP&A practitioner and financial planning lead at Workday. “People are rethinking traditional employment constraints, such as location, and organizations need to base their workforce planning around these new expectations to make work more attractive.”

When people, financial, and operational data is unified in one system, it’s easier to surface accurate, real-time insights around factors such as employee engagement and productivity, as well as identify the underlying drivers of those trends. And when workforce planning bridges finance and HR, comprehensive data—around everything from the cost of learning programs to ramp-up time for new hires—can accurately drive your workforce planning decisions.

If the CEO were considering making remote work a permanent policy, for instance, strategic workforce planners could quickly and confidently model the many dimensions impacted by that proposed shift—from tapping a broader talent pipeline to budgeting for more frequent work travel, relinquishing the office lease to giving employees a technology stipend. That detailed, data-informed analysis means business leaders waste less time relying on gut instinct or historical data (the limitations of which were starkly underscored during the pandemic) and more time making strategic, data-driven decisions.

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Shetul Shah
Financial Planning Lead,
Workday

The skills solution.

The capabilities and skills that will power an organization's performance 5, 10, or 15 years in the future may look starkly different than the cornerstone capabilities relied on now. Strategic workforce planning isn't only focused on the near-term, but also balances the need to build a future-ready talent pool. That requires scanning the horizon for which skills and capabilities are most likely to be relevant long-term, identifying gaps between current workforce skills and that looming future state, and then implementing plans to close those gaps.

"To maximize talent, leaders need a comprehensive understanding of their workforce, its capabilities, and how they map to an organization's future needs," says Shah. Companies have historically relied on external talent acquisition to fill gaps, but recruiting alone is rarely the most efficient or cost-effective route. And "so often, existing talent is a treasure trove just waiting to be mined."

More than half of organizations plan to reskill at least 50 percent of their workforce in the near future to stay competitive and agile, according to [Workday research](#) on organizational agility. And the study suggests a focus on skills is one factor separating leading companies from laggards, with leading organizations nearly 3x more likely than others to upskill much of their workforce.

Investing in programs now to facilitate internal talent mobility—whether ad hoc learning opportunities or a more formal reskilling program—can help the organization deploy the right talent when needed. But that comprehensive approach to workforce planning and skills development pays off in other ways, too. As workers increasingly look to employers to invest in their growth and development, nurturing existing resource pools can buoy employee engagement, employer brand reputation, and even business performance.

"Increasing workers' skills and agility goes hand in hand with supporting them to identify their purpose," says Shah. "Cloud-based learning solutions can help employees learn new skills aligned with their purpose, create more meaningful career paths, and increase organizational success at the same time."

While focusing on skills rather than roles might sound straightforward enough, it requires effectively synthesizing people, business, and talent data—something that's often hindered by the top-down approach of traditional workforce planning. But it doesn't have to be this way.

"Workforce planning technology can help HR and finance collaborate more efficiently," says Renee Sinha, director, enterprise solutions at KPMG. "Rather than working on different models, both functions can now approach talent using the same real-time data in an aligned manner. HR can share its requisitions and headcount planning more effectively, which helps finance better model their plans."

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Director, Enterprise Solutions,
KPMG

Businesses must up-level the maturity of their planning approach and adopt technology that integrates finance and HR systems into a secure, cohesive, and reliable whole. By using cloud-based solutions that unite human resources information systems and FP&A systems, leaders can ensure collaboration and extend financial planning and analysis principles to HR and the workforce. This will enable the [continuous and collaborative process](#) of modern strategic planning.

The cross-functional collaboration inherent in [strategic workforce planning](#) can prevent job requisition approval delays and ensure that finance doesn't inadvertently act as a bottleneck to hiring. It also puts additional rigor behind employee development initiatives by taking a data-driven approach to upskilling and career development, so employees can better envision their future at the company and understand the opportunities that lie ahead.

Strategic workforce planning, HR edition.

As the business landscape continues to shift ever faster, companies are reinventing the employee experience by reimagining performance management. Even before the pandemic, organizations were moving beyond traditional annual reviews that focused on proving past success to instead examining what employees can do to increase their future contributions.

To better identify employees' paths and equip them for future success, workforce planning should encompass robust analytic capabilities and relevant learning opportunities tailored to each worker's needs. While HR leaders have historically guessed or manually tracked how top talent is created, modern tools instead enable them to harness data-driven insights on the specific capabilities required for talent to succeed in targeted roles.

HR is then able to use those insights to better identify promising candidates for future capabilities development and to reorient existing programs to focus on the underlying capabilities and qualities most aligned with long-term retention and career success. [Employee learning systems](#) can't fuel that type of strategic decision-making if they're not tied directly to workforce data that's as detailed as it is comprehensive.

Modern workforce planning also moves beyond purely descriptive metrics to provide diagnostic and predictive data. Take, for example, attrition. "Rather than just understanding your attrition rate, leaders need to understand why attrition is high and how to respond," says Sinha. "The right tools can build risk models that identify who's most likely to leave the organization and recommend interventions."

By using real-time data to better understand their existing workforce while also diagnosing and predicting workforce trends, companies can drive growth and transformation. Equipped with modern tools and a 360-degree view of company talent, leaders can optimize employee development, lateral as well as vertical job shifts, and succession and retention planning to support business goals.



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Strategic workforce planning, FP&A edition.

Finance traditionally views employees as a cost—an understandable approach, given that people are a company's largest expense. However, strategic finance leaders understand that they need to take a broader view of personnel that encompasses hiring strategy and employee engagement. After all, financial performance suffers if the wrong people are hired, or the right people become disengaged and leave after 18 months.

To maximize talent investments, FP&A leaders need to look beyond headcount costs and collaborate with HR to model hiring-, retention-, and attrition-associated costs. These often-siloed teams can also work together to leverage robust data and create what-if scenarios that compare possible workforce restructurings based on potential mergers and acquisitions, divestitures, or other business decisions.

The workforce of the future is very much in flux—buffeted by questions of automation, emerging technologies and industries, and employees' evolving expectations, to name just a few uncertainties. That means collaboration between FP&A leaders and HR leaders cannot be a one-time affair or even just an annual event.

“At the most basic level, effective workforce planning solves the supply and demand equation,” says KPMG's Mota. “Companies need to use centralized data to understand their existing talent pools and the talent they need to create their desired business outcomes. Eliminating manual processes and centralizing real-time data allows HR, finance, and strategy leaders to continuously collaborate, model scenarios, and build a future-ready workforce.”

This way forward.

Job vacancies threaten a company's operational abilities—no surprise there. But as business leaders rush to fill open positions, they'd be wise to consider that a tactical approach to workforce planning may be holding the organization back.

When HR and finance teams are enabled to collaborate around real-time data, workforce planning becomes far more strategic—at once easier and, paradoxically, more sophisticated. Rather than simply spotting an open headcount, HR teams can pinpoint the skills that new hires should have (both now and in the future), identify and mitigate any pain points to talent acquisition and retention, and perform a what-if labor analysis that spans everything from equity compensation pools to localized business drivers.

In other words, strategic workforce planning can unlock actionable talent insights, so a company is best positioned to tap the full value of its most vital asset: its workforce.



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