



# Strategic Workforce Planning as Competitive Advantage

## Introduction

Labor shortages are at historical highs. There are 8.8 million job openings across the United States but only 6.4 million unemployed individuals. Mismatched skills and a declining labor force participation of 62.7 percent heighten the issue.<sup>1</sup>

If the labor gap weren't enough, rapidly rising wage costs, changed workforce expectations, artificial intelligence's progression, a workforce generational change, and a global swing to nationalism have created a significant talent demand and supply imbalance. Identifying, developing and keeping a resilient workforce has become a more difficult challenge than ever.

## An Old Idea With a Data-Driven Focus – Strategic Workforce Planning

In the last decade, it has become clear that the workforce will never be the same. Assumptions around available workforce supply and demand, traditional budget cycle and tactical manpower planning are not only ineffective, but they leave organizations unprepared to address evolving risk and quickly capitalize on opportunity.

Strategic workforce planning aligns the composition of the workforce with the organization's strategic objectives and can help companies avoid costs associated with turnover, overstaffing and productivity loss. Strategic workforce planning is a careful balance between assessing business demands, both current and future, and understanding the external labor market dynamics along with the internal talent supply.

The plot twist this time for strategic workforce planning is the speed at which strategy moves and pivots are made, and the ability to tap into the dynamic and volatile labor landscape.

## Understanding an Organization's Labor Gap

### DEMAND

Organizations must consider all the nuances of their workforce needs (e.g., locations, skills, levels, risk tolerance, growth trajectory) to ensure planning for the right people in the right roles at the right time in order to meet strategic objectives. Evaluating demand from a top-down enterprise perspective and bottom-up functional perspective helps balance long-term planning vs. short-term operational workforce needs. It is also critical to establish planning horizons to distinguish between strategic workforce plan, short-term workforce management and operational staffing needs. This drives alignment with the financial planning cycles where the workforce plan is an essential input. The key to establishing this alignment is using common business drivers to consider fluctuations around seasonality, business cycles, historical demand analysis and other scenarios. A lack of a well-defined demand framework creates a spiral of confusion across the organization and leads to cumulative over-hiring, followed by rapid layoffs once the demand cools.

<sup>1</sup> U.S. Department of Labor, Bureau of Labor Statistics, The Employment Situation — March 2024, News Release dated April 5, 2024, No. USDL-24-0629, Washington, DC.



## SUPPLY

Once assessment and definition of the optimal workforce needed is completed, the next step is to look both externally and internally to evaluate the available talent supply. By assessing the external talent pools against demand, including identifying potential job boards, benchmarking against current regional labor availability, and developing an employee value proposition to attract people with desired skills, the organization can begin to see potential costs and availability parameters. Internal talent supply analysis reveals skill availability, experiences and locations where people are available to fulfill demand. A thorough understanding of the talent supply allows organizations to effectively plan, adapt and thrive in the ever-changing business environment.



## JOB AND SKILL ARCHITECTURE

The job and skill architecture establishes a common language to analyze the demand and supply gap across the organization. This involves developing not only job groups and job roles but also evaluating the capabilities aligned to the future strategy. It is important to pause and check if the capabilities needed for the future are a part of current skill architecture. Once there is a cohesive understanding of demand, it is easier to connect the demand to the internal and external supply. This alignment ensures that the organization accurately gauges its talent needs.



## CLOSING THE WORKFORCE GAP

Once an organization has a clear grasp of its current or future labor gap, there are a handful of strategies to explore in bridging that gap that depend on time, cost and risk considerations.

- **Buy** – Hire new talent to fill the gap
- **Build** – Invest in learning and experiences to develop existing employees' skills to meet the organization's needs
- **Borrow** – Utilize contractors or contingent workers to fill the gap and to satisfy short-term objectives
- **Bind** – Improve the employee experience and decrease anticipated attrition rates
- **Balance** – Reduce underperforming talent to optimize workforce efficiency

These strategies provide organizations with a comprehensive toolkit to manage labor gaps and ensure workforce planning aligns with business objectives.

## Conclusion



Throughout workforce planning, it's important for teams from Business Operations, Finance and HR to work closely together with common frameworks and assumptions. This helps the organization to stay focused on business goals, thoughtfully manage finances and maximize the workforce potential. This partnership across the enterprise builds the organizational muscle required for integrating workforce planning into continuous strategic business planning and proactively considering upcoming business disruptions.

## When to Contact Alvarez & Marsal's Talent, Organization and People Practice



Alvarez & Marsal's Talent, Organization and People practice provides specialized assistance for complex and dynamic workforce planning initiatives, ensuring alignment across senior leadership. Whether your challenges involve optimizing human capital, succession planning or workforce reconfiguration (e.g., operating model, organization design) and effectiveness, we offer tailored solutions. Our extensive experience, from mergers to functional transformations, allows us to understand unique organizational nuances and accelerate outcomes. Navigating workforce planning requires a skilled partner, and we offer comprehensive services focused on agility, results-driven change, workforce engagement, digital transformation and data-driven decision-making. Contact us for support in transforming challenges into opportunities for growth, efficiency and success. Together, we can unlock your organization's true potential.

## Key Contacts



**Matt Cambell**  
TOP Solutions Leader  
New York, NY  
+1 332 216 9021  
[matt.cambell@alvarezandmarsal.com](mailto:matt.cambell@alvarezandmarsal.com)



**Brad Hullsiek**  
Managing Director  
Los Angeles, CA  
+1 424 282 2375  
[bhullsiek@alvarezandmarsal.com](mailto:bhullsiek@alvarezandmarsal.com)



**Sandeep Mota**  
Senior Director  
New York, NY  
+1 646 315 5882  
[smota@alvarezandmarsal.com](mailto:smota@alvarezandmarsal.com)

## ABOUT ALVAREZ & MARSAL

Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) for leadership, action and results. Privately held since its founding in 1983, A&M is a leading global professional services firm that provides advisory, business performance improvement and turnaround management services. When conventional approaches are not enough to create transformation and drive change, clients seek our deep expertise and ability to deliver practical solutions to their unique problems.

With over 9,000 people providing services across six continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, leverage A&M's restructuring heritage to help companies act decisively, catapult growth and accelerate results. We are experienced operators, world-class consultants, former regulators and industry authorities with a shared commitment to telling clients what's really needed for turning change into a strategic business asset, managing risk and unlocking value at every stage of growth.

Follow us on:



© Copyright 2024  
Alvarez & Marsal Holdings, LLC.  
All Rights Reserved. 441494

To learn more, visit: [AlvarezandMarsal.com](https://AlvarezandMarsal.com)

**ALVAREZ & MARSAL**  
LEADERSHIP. ACTION. RESULTS.™