



TALENT, ORGANIZATION & PEOPLE SOLUTIONS

Navigating the Next Workforce Crisis – A Future-Proofing Playbook

Why Workforce Planning Can't Wait

The workforce landscape is still fraught with tension: economic and policy fluctuations, rapid technological advances, and evolving work models have made workforce planning a critical but daunting task. While workforce planning offers a competitive advantage, many organizations still struggle with effective execution. Alarming, only 19 percent of HR leaders feel prepared for unexpected labor shortages — a sign that something new is needed to stay competitive.¹ Workforce planning must evolve from a static exercise to a dynamic, cross-functional and scenario-driven capability.

Our client work has uncovered three essential elements that separate leading organizations from the rest: adapting across multiple planning time horizons, leveraging cross-functional collaboration, and tailoring approaches to organizational needs. Executing three interdependent phases to address an organization's unique circumstances will contribute to a future-ready workforce planning model.

Future Resilience and Adaptability

Workforce planning is not a one-size-fits-all process; three interdependent phases must uniquely address an organization's situation:



Strategy (Long-term): Defining future workforce demand based on business goals and market trends.



Plan (Mid-term): Scenario modeling to align talent supply with expected demand shifts.



Management (Near-term): Tactical workforce adjustments to respond to immediate demand.

Workforce Planning Phases



Leading organizations don't just focus on one phase — they integrate all three, ensuring that short-term actions don't derail long-term workforce sustainability. For example, an employment management company is developing its first global workforce plan to align talent strategy with long-term growth. While planning for the future, they address near-term hiring needs with flexible workforce models and better use of in-house tools. In another example, a law firm trying to modernize its IT team started to understand long-term changes in the IT ecosystem and the skills needed for future. As a result, they reoriented their current talent supply to these skills including shifting job groups and estimating any workforce investment to meet future demand.

Nuanced scenario modeling plays a critical role in balancing workforce demand and supply fluctuations. To ensure workforce plans are both proactive and achievable, future demand scenarios across the three phases must account for supply factors such as attrition, hiring lead times and succession readiness. Consider a healthcare provider forecasting patient volumes and staffing needs: Predictive analytics help balance near-term supply and demand with shift scheduling, while scenario modeling prepares for potential future workforce gaps, such as seasonal flu outbreaks. Organizations that embrace such adaptability are better equipped to pivot workforce strategies as business conditions evolve.

¹ "Gartner Survey Finds Only 19% of HR Leaders Are Prepared to Address a Shortage of Critical Talent," Gartner, February 23, 2022, <https://www.gartner.com/en/newsroom/press-releases/2022-02-23-gartner-survey-finds-only-nineteen-percent-of-hr-leaders-are-prepared-to-address-a-shortage-of-critical-talent#:~:text=February%2023%2C%202022-.Gartner%20Survey%20Finds%20Only%2019%25%20of%20HR%20Leaders%20Are%20Prepared,on%2Dsite%20work%20policies%20evolve.>



Distinct Collaboration

Workforce planning is not an HR-only activity — it demands seamless collaboration across Business Operations and Finance as well. At the same time, collaboration looks different at each of the three planning phases, requiring integration with strategic, operational and financial planning:

Strategy Phase: Executives and HR leaders define long-term workforce goals in alignment with business strategy, integrating factors like market trends, evolving work models and strategic priorities to shape future talent needs.

Plan Phase: Business Unit leaders, HR and Finance assess talent supply against projected demand, using operational plans and financial forecasts to ensure the right capabilities are available at the right time.

Management Phase: Line managers and HR operations execute plans within budget constraints and business performance targets, optimizing workforce utilization and employee engagement.



	Workforce Planning Strategy	Workforce Plan	Workforce Management
Time Horizon	3–5 years	3 months – 1 year	0–3 months
Focus On	<ul style="list-style-type: none"> Business strategy Markettrends 	<ul style="list-style-type: none"> Metrics Integrating processes Defining stakeholders 	<ul style="list-style-type: none"> Tools Data and data quality Benchmarking

For example, a global financial services firm targeting a \$3 billion revenue increase needed a cross-functional workforce strategy to align hiring, training and automation efforts with projected growth. By integrating workforce planning into financial forecasting, they ensured a sustainable talent pipeline that supported business expansion.

Organizations that foster continuous dialogue across departments prevent planning silos and create an agile workforce strategy. Efforts in any single phase — strategy, planning or management — will fall short without support and insight from the others.



Universally Needed, Uniquely Tailored

While every organization requires workforce planning, the approach must be tailored based on industry dynamics, organizational maturity and analytical capabilities:

- **Supply Constraints:** The nature of supply differs across sectors. Blue-collar industries face persistent constraints due to certification requirements and skilled labor shortages, requiring ongoing, proactive planning. Conversely, companies leveraging artificial intelligence often forecast talent needs three to five years out, focusing on niche capabilities and long-term strategic initiatives that are harder to source and develop quickly.
- **Demand Variations:** Demand patterns also vary across sectors. Retailers often plan quarterly for seasonal fluctuations, while technology firms respond to evolving product road maps and innovation cycles. These differences reflect the pace and predictability of change within each sector, requiring tailored workforce planning approaches.
- **Maturity and Analytics:** Needs for an organization should be assessed depending on its maturity and analytical capabilities to assess demand. Organizations with limited workforce analytics capabilities may struggle with manual forecasting, hindering accurate supply planning. In these cases, investing in external expertise can accelerate workforce planning maturity.

For instance, a hospitality company experiencing high turnover relied on manual scheduling, leading to inefficiencies. With external support, it implemented a data-driven demand planning system, improving forecast accuracy and optimizing workforce allocation. This shift reduced labor costs and enhanced operational agility.

Understanding where an organization falls on the industry trend and maturity spectrum helps leaders make informed decisions about internal capabilities and the need for external expertise.



Making the Right Moves to Unlock Workforce Planning's Potential

All organizations can take these steps to create a future-ready workforce planning model that aligns with strategic goals and adapts to changing market demands:

- 1 Establish a Cross Functional Team:** Bring together leaders from HR, Finance, Operations and Strategy to align talent needs with business goals through regular, transparent discussions.
- 2 Quantify Talent Risk:** While business demand is critical, start evaluating your talent risks proactively across the breadth and depth of the organization and quantify them by using parameters like job automation, wage inflation, time to hire, tenure, trainability, etc.
- 3 Implement Data-Driven Scenario Planning:** Use data from multiple departments to model workforce supply and demand shifts and their potential business impacts. Ensure you have, or externally have, the necessary analytical capabilities to utilize this data. The first step might be to clean up all the workforce data in your HRIS.
- 4 Create an Adaptable Skills Framework:** Develop a standardized skills framework to enhance talent development and recruitment, making it easier to track gaps and adjust as priorities change. Be willing to change or modify the skills as soon as business demand shifts.
- 5 Develop Tailored Plans for Different Workforce Segments:** Customize workforce plans for various business units and roles to optimize resource allocation and effectiveness.



How to Get Started

Strategic workforce planning is no longer a static process — it must be adaptive, collaborative and tailored to an organization's needs. This is not about having the best process and the most expensive tools. This is a mindset shift toward continuous planning, and organizations that embrace agility across planning horizons, foster cross-functional alignment, and apply industry-specific strategies will transform workforce planning from a reactive necessity into a proactive competitive advantage.

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

Alvarez & Marsal's Talent, Organization and People practice offers specialized assistance for complex workforce planning challenges, ensuring alignment across senior leadership. Whether you are optimizing human capital or succession planning, or reconfiguring your workforce, we provide customized solutions to help you achieve your strategic goals. Contact us to transform your workforce planning challenges into opportunities for growth.

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