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# How to Leverage Data for More Influential Workforce Planning

Human Resources Research Team

# How to Leverage Data for More Influential Workforce Planning

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HR leaders recognize the need to more effectively use data in workforce planning to be able to inform strategic decisions. This research helps HR leaders understand how by outlining the steps to leveraging data in the workforce planning process.

## Overview

HR leaders want to more effectively use data in workforce planning to ensure business leaders consider talent implications when making strategic business decisions. Business leaders are not always aware of the magnitude of the impact that talent challenges can have, so HR leaders must use data to identify and communicate the top talent risks to executing business strategy. HR leaders responsible for workforce planning can use this research to understand the key steps they should take to effectively use data in workforce planning.

## Key Findings

- Only 33% of workforce planning leaders rate their organizations as effective at using data in workforce planning.
- One reason HR leaders are aiming to change this is to get business leaders, who often underestimate how talent challenges can torpedo business strategy, to more actively participate in workforce planning.
- Their biggest opportunity to do so is to leverage talent risk data in workforce planning because business leaders are used to dealing with data as it relates to other business risks.

## Recommendations

To effectively use data in workforce planning to get the business to take action on outcomes, HR leaders should:

- Build a catalog of talent risks most likely to affect the business by considering characteristics of the business.
- Use hard data to determine which talent risks are the biggest by evaluating the likelihood and potential impact of each.

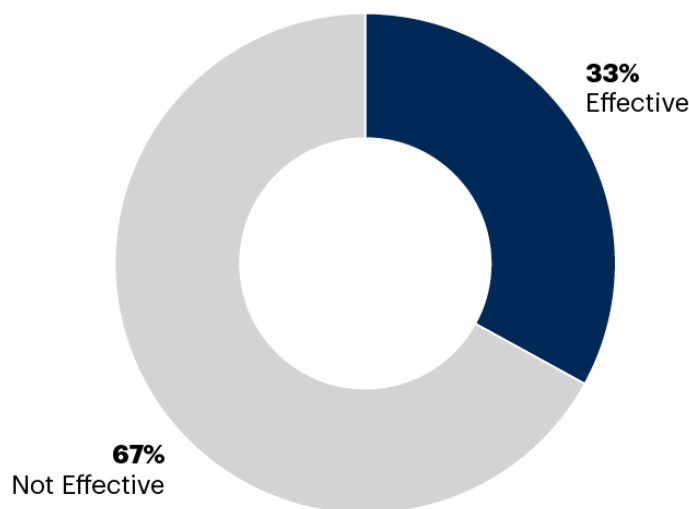
- Share the top risks with relevant stakeholders by presenting findings in a visually compelling way.

## Limited Data Used in Workforce Planning Today

Many HR leaders want to better leverage data in workforce planning but are unsure how to do so. In fact, only 33% of HR leaders responsible for workforce planning rate their organization as effective at using data in the process (see Figure 1).

**Figure 1: Organizational Effectiveness at Using Data in Workforce Planning**

### Organizational Effectiveness at Using Data in Workforce Planning



n = 42 Workforce Planning Leaders

Source: Gartner Workforce and Succession Planning Survey (November 2019)

Q: Do you rate your organization's HR function as effective or not effective at using data in workforce planning?

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HR could use data in a few parts of the workforce planning process, but most HR leaders are asking about how they can use data to get business leaders to take action on talent implications today, before they become harder to address in the future. For a process like workforce planning that can already be difficult to get stakeholders to pay attention to, HR leaders know it's critical to use data if they want the outcomes of the process to inform business decisions.

### An Opportunity: Use Data to Identify Talent Risks to Long-Term Business Strategy

Business leaders don't always understand how quickly talent issues can torpedo long-term strategic goals. They can sometimes underestimate the severity of talent issues, so they don't think there will be major concerns to consult HR about. The fact that workforce planning often focuses on talent challenges well into the future further limits leaders' view of its importance.

To effectively use data in workforce planning to drive business action, HR leaders should prepare their teams to use data to assess and diagnose talent risks to executing business strategy. Using data in this way is ideal because business leaders are accustomed to making data-based

decisions around other business risks, such as compliance risks, fraud risks, and supplier risks. By using the same approach of sharing insightful, data-driven information, HR leaders can help business leaders recognize the need to address talent issues uncovered by workforce planning now to best position themselves for the future.

**A talent risk is the absence, shortage or misalignment of human capital resources – people, skills, knowledge and experience – necessary to deliver on strategic objectives and goals.**

Unfortunately, only 27% of HR leaders who conduct workforce planning agree their organizations are effective at identifying talent risks during workforce planning. <sup>1</sup> This research covers discrete steps HR can take to effectively use data to get business leaders to recognize and act on talent risks.

## How to Use Data to Assess Talent Risks to Business Strategy

HR must use data to evaluate the talent landscape and ultimately identify talent risks that have the potential to hinder execution of future business strategy if not addressed. This assessment should come after HR understands the talent needed for the future. This exercise can take place at the business unit or department level to prepare for more tailored workforce planning conversations with business leaders. HRBPs may conduct the talent risk assessment, but HR leaders should own and champion the process.

Additionally, talent risks can be evaluated for the entire organization, specific departments, or specific roles. However, because work is changing at a rapid pace, assessing talent risks at the skill level may be more helpful.

HR leaders conducting workforce planning should take three steps to effectively use data to assess talent risks to business strategy (see Figure 2):

1. **Define the talent risk catalog** – Build a catalog of 20-25 talent risks most likely to affect the business. This catalog does not need to be updated frequently.
2. **Use data to identify the biggest talent risks** – Evaluate the talent risk catalog to determine which are currently risks to strategy execution. Conduct this evaluation every time workforce planning is being done.
3. **Communicate the biggest talent risks to stakeholders** – Share top talent risks with relevant stakeholders in a visually compelling way to drive action. Do so every time workforce planning is being done.

Figure 2: How to Use Data to Assess Talent Risks When Workforce Planning

## How to Use Data to Assess Talent Risks When Workforce Planning



Source: Gartner

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### What should we do if we are struggling with data availability and quality?

Some HR leaders may be hesitant to consider using data to drive workforce planning due to concerns about data availability and quality. Below is guidance on how to overcome both challenges.

- **Overcoming Data Availability Challenges** — Effective workforce planning requires incorporating intelligence, including data, from a variety of different sources. HR can efficiently collect the information by identifying which sources will be easiest to acquire intelligence from and which sources will provide the largest amount of relevant intelligence. For more information, see our research on “Sources of Workforce Planning Intelligence.”
- **Overcoming Data Quality Challenges** — When it comes to workforce planning, many HR leaders are concerned about the quality of their talent data. For information on how to improve quality, see our research “Techniques to Improve Talent Data Quality in HR” and the “Data Quality Toolkit.”

### Step 1: Define the Talent Risk Catalog

Build a catalog of top potential talent risks that seem more likely to affect the business based on characteristics of the business.

A vast number of talent risks could hinder the execution of future business strategy. HR leaders should build a catalog of 20-25 talent risks to use as the basis for identifying the top talent risks in

Step 2. The risks that go in the catalog should be those that are likely to affect the business based on business characteristics such as industry, size and geographic location. Carefully creating the catalog is also beneficial if business leaders ask about the inclusion (or exclusion) of certain risks when sharing the results of the risk assessment.

Since the risks in the catalog are based on generally stable criteria, the catalog doesn't need to be redefined every workforce planning cycle. However, organizations should revisit the talent risk catalog at specific intervals (such as every two to three years) and/or predetermine situations that would trigger the need to revisit the catalog, such as major changes that impact the organization's operations (e.g., business model shift, industry disruption, merger or acquisition, or economic downturn).

To determine risks for the catalog, HR should first consider the most common talent risks (see Table 1). To determine additional risks, HR leaders can get input from others in HR who are familiar with talent risks, business leaders who best understand business strategy, and leaders in internal functions who evaluate business risk as a part of their duties, such as audit and legal. An example of another risk is conflicting cultures for an organization that rapidly acquires other organizations.

**Table 1: Most Common Talent Risks to Executing Business Strategy in Workforce Planning**

Risk	Impact on the Business
Talent Availability Risk (External)	Limited supply of critical skills in the labor market
Talent Availability Risk (Internal)	A lack of existing talent with critical skills
Talent Competition Risk	Losing out to competitors for talent with critical skills
Development Risk	Not enough internal talent is developing critical skills to meet the organization's needs
Engagement Risk	Talent with critical skills is disengaged and may underperform or leave the organization
Graduate Supply Risk	Not enough students graduating with critical skills to meet the organization's needs
Internal Mobility Risk	Not offering enough career opportunities internally, leading high performers to leave the organization

Pipeline Risk	Not having enough engaged talent in the recruitment pipeline to meet critical skills needs
Retention Risk	Talent with critical skills may leave the organization
Retirement Risk	Employees with critical skills are likely to retire
Succession Risk	Not having a plan for how to fill critical leadership roles in the event a key employee departs

Source: Gartner

## Step 2: Use Data to Identify the Biggest Talent Risks

*After defining the catalog of potential talent risks, HR leaders should conduct a rigorous, formal evaluation to determine which risks are most likely to impact the execution of future business strategy.*

Only 26% of HR leaders consider their organization effective at interpreting data to assess and identify talent risks. <sup>1</sup> Our guidance below will help with how to interpret and assess data in workforce planning.

Once the catalog is built, HR leaders should use data to evaluate each risk in the catalog to determine which, if unaddressed, poses the biggest hindrance to executing future business strategy. This step changes based on the data, and HR leaders should conduct it anytime they are doing workforce planning.

To perform this step, HR leaders should evaluate two categories: likelihood and impact, which we define in greater detail below. The risks with the highest of both likelihood and impact will be those that pose the biggest risks. To easily compare different risks across both likelihood and impact, use similar scales for evaluating each. The most common scales involve an odd number of points to allow for a midpoint in the distribution. HR leaders can check to see if risk dimensions or assessment scales are in use in other areas of the business and adapt those scales to likelihood and impact. This will help drive business leader engagement with talent risk assessment results because business leaders will already be familiar with the meanings — one of the main benefits of using data to identify talent risks.

### 2a. Criteria to Evaluate Likelihood of Risk Occurrence

Likelihood of risk occurrence is the probability that a talent risk will materialize with no action taken. To evaluate the likelihood of each talent risk in their catalog, HR leaders should first select which metric(s) they want to use for each risk to determine whether it is a risk or not — a key risk indicator. When possible, HR leaders should prioritize metrics that are:

- Easy to collect, such as those that are easily available or already being collected.
- Objective, and not open for interpretation.
- Straightforward to understand and easily quantifiable.
- Recognizable to external stakeholders because the audience will include leaders from outside of HR.

In Table 2 are the top metrics to use as key risk indicators for each of the most common talent risks. To determine metrics for any other risks in the talent risk catalog, use our “HR Metrics Library.”

**Table 2: Sample Metrics to Assess Talent Risks**

Talent Risk	Sample Key Risk Indicator(s)
Talent Availability Risk (External)	Number of people in the labor market with critical skills
Talent Availability Risk (Internal)	Number of people in the organization’s current workforce with critical skills
Talent Competition Risk	<ul style="list-style-type: none"> <li>■ Percentage of offers rejected by candidates</li> <li>■ Percentage of voluntary turnover due to employees leaving for employment at a talent competitor</li> </ul>
Development Risk	<ul style="list-style-type: none"> <li>■ Number of eligible employees signing up for training courses to develop critical skills</li> <li>■ Number of employees enrolled in external training, certificate or postsecondary programs</li> </ul>
Engagement Risk	<ul style="list-style-type: none"> <li>■ Percentage of employees with critical skills with low engagement</li> <li>■ Percentage of employees with critical skills who intend to stay at least 12 months</li> </ul>



Graduate Supply Risk	Number of students who will graduate with critical skills in the next 12 months
Internal Mobility Risk	<ul style="list-style-type: none"> <li>■ Percentage of vacancies filled by internal candidates with critical skills</li> <li>■ Percentage of the total workforce with critical skills who have experienced a promotion during the reporting period</li> </ul>
Pipeline Risk	Percentage of applicants who are interviewed during a period (Applicant Interview Rate)
Retention Risk	Voluntary turnover rate of employees with critical skills
Retirement Risk	Percentage of workforce with critical skills who will reach retirement age in six months, one year, two years, three to five years and six to 10 years
Succession Risk	Percentage of roles with critical skills that have identified successor(s)

Source: Gartner

The thresholds for each metric – what is considered very high, high, medium, low, or very low likelihood – will not be the same for all organizations but should be based on benchmarks. Benchmarks can come from your organization, competitors, etc. For example, a 10% attrition rate may be high for an established manufacturing firm but low for a tech startup. HR leaders can determine thresholds for each risk by using publicly available data, or benchmarking data, such as Gartner’s “HR Metrics Benchmarking Tool.” See Table 3 for an example.

**Table 3: Example Likelihood Evaluation Criteria**

Talent Risk	Metric	Very Low	Low	Medium	High	Very High
Retention Risk	Voluntary Turnover Rate	Less than 3%	3% to 5%	5% to 7%	7% to 10%	More than 10%

Source: Gartner

To identify the data needed to evaluate the key risk indicators for likelihood of risk occurrence, HR leaders need to select the appropriate source of information. Only 38% of HR leaders consider their organization effective at sourcing and gathering data in workforce planning.<sup>1</sup> The most common sources of data are below, and our research on “Sources of Workforce Planning Intelligence” provides more detail on what type of data is best to collect from each source.

The most common internal sources of information include:

- Human resources information system
- Internal HR teams (recruiting and L&D)
- Other teams (marketing and finance)

The most common external sources of information include:

- Government data
- Publicly available competitor information
- News and industry press
- Research and advisory companies
- Global labor market data

## 2b. Criteria to Evaluate Impact of Risk Occurrence

Impact of risk occurrence expresses how big of an impact the talent risk would have on strategy execution if it occurred. This should be on a scale from very low to very high, with the former indicating that if the risk occurred, there would be little to no impact on strategy execution, and the latter indicating that if the risk occurred, the business would not be able to execute business strategy (see Table 4).

**Table 4: Example Impact Evaluation Criteria**

Rating	Very Low	Low	Medium	High	Very High
Description	Little to no impact to business strategy execution	Slight impact on business strategy execution	Will have to change how strategy is executed	Will struggle to execute business strategy	Unable to execute business strategy

Source: Gartner

HR leaders can gather the information to determine how to rate the impact of risk occurrence for each risk using data and information based on business leader interviews, business strategy documents (such as a strategic plan) and industry trends.

Questions to ask business leaders include:

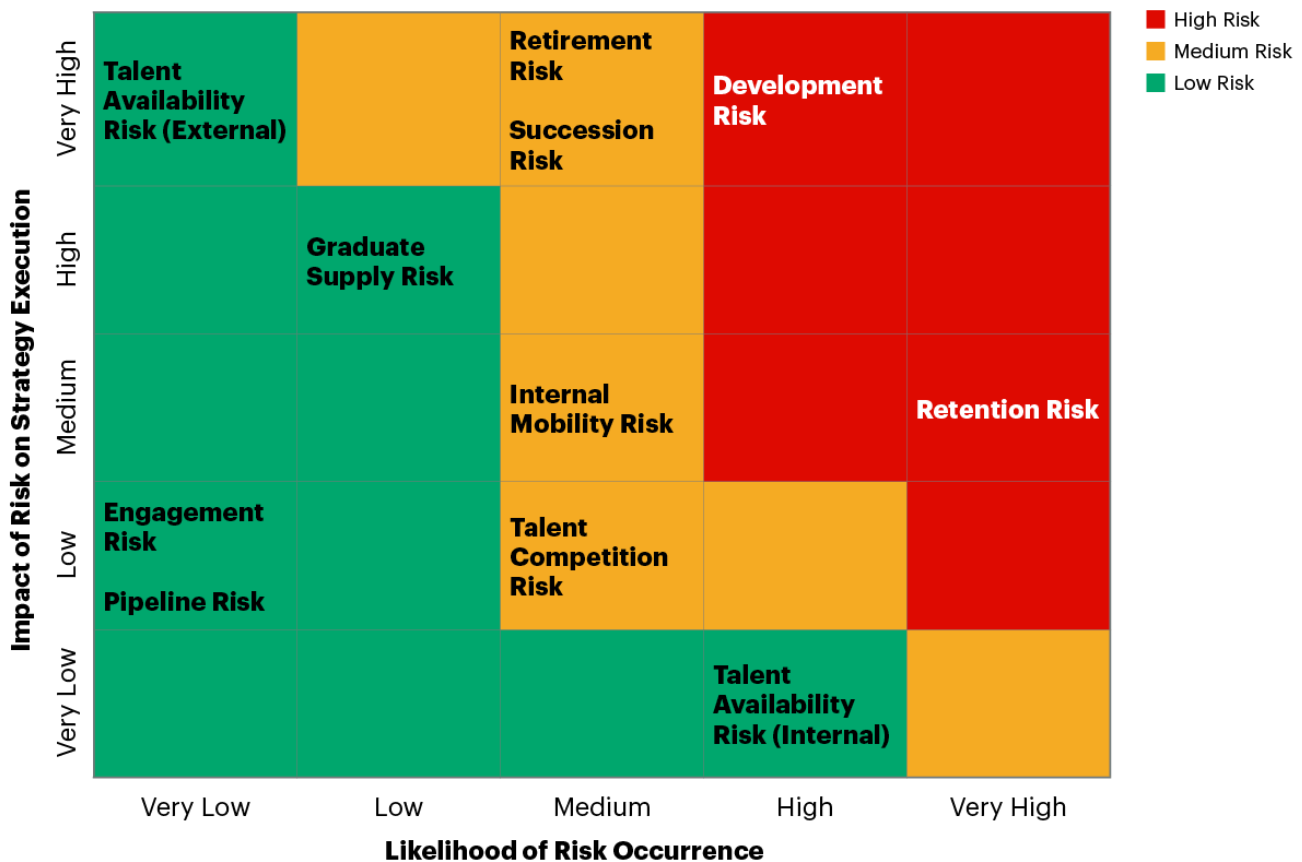
- What are the key business goals for the next two to five years?
- How will you know if the business is successful? What will you measure?
- What are the success factors that will make or break the business?
- What critical outputs and/or end results are you accountable for?
- What major obstacles will the business face while reaching these objectives?

Only 32% of HR leaders consider their organizations effective at deciding which data is important for workforce planning. <sup>1</sup> However, by combining the data on likelihood and impact for each risk, HR leaders can prioritize the highest talent risks.

With the data on likelihood of risk occurrence and impact of risk on strategy execution identified, HR leaders should assign a rating to each risk (see Figure 3 and Figure 4). At the end of the talent risk assessment, HR leaders will be able to identify what the top talent risks are to the organization.

Figure 3: Talent Risk Evaluation Matrix

**Talent Risk Evaluation Matrix**



Source: Gartner  
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Figure 4: Example Talent Risk Assessment Analysis

**Example Talent Risk Assessment Analysis**

Talent Risk	Likelihood of Risk Occurrence	Impact of Risk on Strategy Execution	Risk Rating
Retention Risk	Very High	Medium	High Risk
Development Risk	High	Very High	High Risk
Talent Competition Risk	Medium	Low	Medium Risk
Graduate Supply Risk	Low	High	Low Risk

Source: Gartner  
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**Step 3: Communicate the Biggest Talent Risks to Stakeholders**

Only 31% of HR leaders consider their organizations effective at communicating workforce planning data to the business.<sup>1</sup> Our guidance below is intended to help HR leaders move from the analysis in Step 2 to effectively communicating the results of that analysis. Analysis without effective communication is wasted effort.

The risk assessment and risk rating should feed into reports and presentations to share the biggest talent risks to executing future business strategy. As important as identifying what the risks are, without effectively communicating them it is unlikely that action will be taken – communication and data visualization are viewed as the most important skills for talent analytics success.<sup>1</sup> Furthermore, effective communication helps drive action to mitigate risks – the ultimate goal. Our research on “Communicating Through Data Visualization” found that effective communication requires matching data visualization to the audience, creating simple, effective graphics with relevant context, and visualizing a narrative, not just a set of facts.

As it relates to communicating talent risks in workforce planning and data that informs it, HR should use a dashboard to help share the risks in a visually compelling way (see Figure 5). First, this means showing an overview of the talent risks.

For the top talent risks, HR can provide more detailed analyses. In a presentation format, this could be done with one page per risk or adding more information on one page. Additional information to share includes the statement of risk, relevant metrics, and the previous risk rating.

Figure 5: Dashboard of Biggest Talent Risks

**Dashboard of Biggest Talent Risks**

Risk Name	Risk Description	Risk Rating	Relevant Data	Risk Trend	Additional Information
<b>Retention Risk</b>	Talent with critical skills may leave the organization.	<b>High</b>	2.7% voluntary turnover	↓	Exit interview results indicate perceived limitations of upward mobility.
<b>Development Risk</b>	Not enough internal talent is developing critical skills to meet the organization's needs.	<b>High</b>	25 of 150 of eligible employees signed up for training courses	↑	N/A
<b>Talent Competition Risk</b>	Lose out to competitors for talent with critical skills.	<b>Medium</b>	51% of offers rejected by candidates	↔	The majority of rejected offers are from employees already employed by organizations in California.

Source: Gartner  
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Furthermore, those talent risk mitigation strategies are the foundation of the actual workforce plan document. See our “Business Unit Strategic Workforce Plan Template” for an example.

**Examples of Communicating Data to Develop Risk Mitigation Strategies**

A part of communicating talent risks is communicating a plan to mitigate them. There is no “right” way, as the goal is to ensure the risks are addressed. Approaches may vary based on how long workforce planning has been conducted, business leader propensity for workforce planning, and business leader data proficiency.

**Conclusion**

Workforce planning is more important but more difficult than ever. Many HR leaders want to leverage data to improve the process but struggle to figure out the best way to use it to influence business leaders. HR leaders can use data to identify and present talent risks to executing future business strategy, which will help drive leader action on talent risks and further build the credibility of HR in the process.

## About This Research

This research provides guidance to HR leaders on how to effectively use data in workforce planning. We gathered data through secondary research on key challenges that HR leaders face when workforce planning and through conversations with HR thought leaders.

## Endnotes

<sup>1</sup> 2019 Gartner Workforce Planning and Succession Survey

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Gartner TalentNeuron follows Gartner's recommended four-step approach to analytics.

**1. Acquire.** We continuously gather talent supply and demand data from over 65,000 global sources, harvesting more than 1,000 gigabytes of data every week. We don't rely on a single source; we gather data from a wide range of public, primary and proprietary sources including:

- Gartner research
- Government statistical bureaus
- Government census
- Trade unions
- Job Boards
- Corporate websites
- University portals
- Social profiles
- Paid data partners

**2. Organize.** Our proprietary technology is based on natural language processing and machine learning and is combined with human judgment to normalize and de-duplicate information. After gathering data from a wide range of varied sources, we can extract and organize it by location, company, function, skills, occupation and other unique attributes.

**3. Analyze.** Our team of over 130 researchers, data scientists and labor economists conduct both prescriptive and predictive analytics based on Gartner research and a deep understanding of HR-related issues.

**4. Deliver.** We can provide our data to customers in a variety of ways, each experience backed by user research, to enable recruiters, workforce planners and HR leaders to make smart insight-driven decisions. Our services include:

- a. Self-service web application for on-demand data analytics
- b. Custom role analysis for your most niche positions
- c. Workbench support for partnership in answering your most strategic questions

### Insights we deliver

TalentNeuron provides the most comprehensive source of global talent demand and supply data, predictive analytics, and real-time insights to help you make smarter talent planning and recruiting decisions, including:

- Workforce planning
- Strategic sourcing
- Location optimization
- Competitive intelligence
- Diversity analysis
- University strategy
- Attrition
- Migratory trends

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