



TenStep Supplemental Paper

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Effective Human Resource Planning

Strategic planning is the process of envisioning the future and developing the necessary procedures and operations to achieve it. The vision provides both direction and energy to the organization. The strategic plan of a company is a blend of all the functional areas – Finance, Marketing, Operations, and Human Resources. Human resource planning, an integral part of strategic plan, is a two-part process. The first part forecasts human resource requirements on a yearly basis, and the second part develops a functional plan to bridge the gaps that are identified in a timely and cost-efficient manner. Effective human resource planning is a process of constantly analyzing human resource requirements, and developing strategies to cope with the emerging opportunities.

Steps for Human Resource Planning

- **Human Resource Forecast (Demand).** Human resources, necessary for the execution of the strategic plan, have to be identified on a yearly basis. Although a five-year planning cycle is a common practice, the actual cycle might be shorter or longer. One strategy adopted to achieve human resource requirements is recruitment, both to fill the fissure created by employee turnover and for new functional expertise.
- **Human Resources Data Bank (Supply).** This is an inventory of the current human resources with employees' skill sets and their 'aspirations.' This skill inventory should be a part of the reviews of performance management. The skill inventory helps map the current employee's potential with the opportunities that exist within the organization. This enables the individual and the organizational aspirations to synchronize, thus making the strategic plan a success.
- **Matching Supply and Demand.** Once the human resource supply and demand are identified, imbalances need to be corrected. The supply of current human resources may not be adequate to meet the organization's demand, especially due to turnover and rapid growth.
- **Development Alternatives.** The imbalances identified in the matching process must be addressed and resolved. Developmental alternatives like job enrichment, promotions and individual management training can be adopted to meet the needs of the organization. This will help in bridging the gap between demand and supply.
- **Implementation.** The human resource requirements for executing this element of the strategic plan are often given short shrift. When there is inadequate capital or equipment, the plans will be re-evaluated. However, frequently too little attention is paid to the human resource requirements, which in fact require careful consideration.

Careful study and detailed inputs will result in comprehensive human resources planning that not only meets the corporate strategy but also the aspirations of the individual employees.