



**retaininternational**

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**Is your workforce  
future-ready?**

**Why effective demand  
forecasting and capacity  
planning will be crucial for  
success as competition  
for talent heats up**

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# Introduction

Across the professional services sector, disruptive innovation is transforming the way that enterprises do business.

As companies come under increased pressure to drive digital transformation, demand for future-facing skills and competencies will also rise sharply.

For businesses, the challenge is to onboard, retain and develop the talent to compete in a data-driven world. However, many organisations lack a clear view of the skills and headcount required to capitalise on new opportunities.

What does the future look like? Which skills are hot and trending? Is the workforce strategy aligned with supply and demand for talent? Without a mature approach to demand forecasting and capacity planning in the human resources function, established enterprises will be unable to answer these types of questions – putting them at a significant disadvantage to nimble market entrants.

In this eBook, we consider the risks associated with ineffective demand forecasting and capacity planning, identify the ways in which legacy tools can stand in the way of true insight, and show how businesses can prepare their workforces for the demands of the future.

Satisfying all these constraints can quickly turn into a complex optimisation problem. In this eBook, we'll take a deeper dive into resource planning, and explore how to create an operational model for resource utilisation that genuinely optimises return on investment.





## Identifying the risks of poor planning

Professional services can be particularly vulnerable to the volatility, uncertainty, complexity, and ambiguity (VUCA) of their markets. Businesses whose resource planning strategies are not designed to be responsive to change often find themselves wrongfooted by unforeseen events – and may be overtaken by competitors whose resource plans are more flexible.

One of the most obvious risks of poor demand forecasting and capacity planning is having too much spare capacity in the business. In a situation where high-value resources are routinely left on the bench, the cost of salaries may outweigh the value that employees create, creating revenue risks.

In fast-changing markets, over-utilisation can be an equally significant strategic risk. For example, the business may identify an opportunity to offer a new service but lack the human resources to deliver it. By the time the company has recruited new employees with the right skills to target the opportunity, competitors may already have stepped in to capitalise on it and shape the emerging market. Resource management and talent management are interdependent, and effectiveness in both disciplines is essential to shape a flexible approach to resource planning.



Resource management and talent management are interdependent.



## Over-utilisation drives attrition

Many businesses that are unable to accurately predict and prepare for future talent requirements rely on over-utilisation to address the challenges of VUCA. When demand spikes, employees are suddenly drowning in many hours of additional work. In some cases, these resourcing emergencies can last for weeks at a time. In the long-term, using over-utilisation as a substitute for accurate demand forecasting and capacity planning will reduce the quality of deliverables, erode client satisfaction, and leave the workforce exhausted, disengaged and demotivated.

Such a situation should be a cause for serious concern, as there are clear links between employee satisfaction, engagement, performance and attrition. Employees who routinely work on projects that are relevant to their unique skills profiles, and who are given sufficient time and support to complete their work to a high standard, are at far lower risk of leaving the business than employees who do not. Businesses without mature forecasting capabilities are therefore more likely to suffer from high employee turnover. This introduces the significant cost and disruption of recruitment and retraining, further reducing responsiveness to change.



Resourcing emergencies can last for weeks at a time.



## Targeting future-ready capabilities

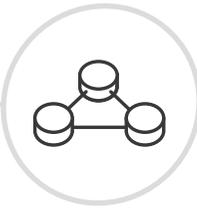
Superficially, demand forecasting and capacity planning seem like simple problems to solve. Most companies will have a good understanding of two of the key variables: the total number of employee work hours and the estimated working hours required to complete in-process projects.

By examining the difference between these two figures, it seems as though it should be possible to calculate the amount of spare capacity available in the business for a given period and determine if additional resources are required to complete the current and forecasted work. However, the planning process is actually far more complex.

In the simple model just described, there is no accounting for the fact that every employee is a unique individual. Each member of an organisation has a particular mixture of skills, experience, competences, qualifications and personal interests that determine how good a fit they are for a specific project or activity. For example, some employees may be unable to work on certain types of projects because they lack a required qualification. Other employees might meet all the skills requirements for an activity but be committed to other high-priority projects happening at the same time. As a result, an effective capacity planning process must be able to model employees across multiple dimensions – not just the theoretical number of hours they work per day.



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# Boosting the effectiveness of forecasting

A future-ready approach to forecasting and planning requires more than the ability to match employees to the projects that best fit their skills, geographical location and available capacity. Forecasts, by their nature, will contain a degree of uncertainty – and businesses will need the ability to adapt their planning processes accordingly.

For example, an accounting firm might have a long-standing client that books work for a key point in the financial year many months in advance. On the other hand, that same business might be less sure about the amount and type of work they will receive from a client that they have only acquired recently. A mature approach to forecasting and planning should have the ability to account for tentative and confirmed projects and reflect them in resource plans accordingly.

The optimal approach will therefore be one that allows for tight integration between the forecasting and planning processes. This ensures that any changes the business makes in one area flow seamlessly to any dependencies in the other. For example, if a forecasted project becomes a committed project, the update to the forecast should automatically update the resource plan.

Forecasts, no matter how sophisticated, will only ever be predictions. To avoid the risks of under- and over-utilisation,

businesses need to keep a close eye on the variance between their forecasted and actual pipeline and make continual changes to ensure there is sufficient capacity to serve existing clients effectively and jump on new opportunities as they emerge. This analysis will also enable businesses to assess the accuracy of their forecasts and make methodological changes to enhance the process.



Forecasts, no matter how sophisticated, will only ever be predictions.



# Escaping the limitations of spreadsheets

Many businesses attempt to use spreadsheet-based approaches to drive their forecasting and planning processes. However, spreadsheets are a poor fit for the complex calculations required to create an accurate forecast.

Effective resource planning depends on the ability to model employees across multiple dimensions of data. The model must consider all the criteria that determine whether an employee is the best fit for a project: their specific skills, competencies, experience level, and even the particular department, office or country they work in. Because modelling all these variables is difficult to achieve in a spreadsheet, businesses may be forced to simplify the planning process significantly – reducing its efficacy.

Spreadsheet-based approaches also pose challenges for organisations with operations that span multiple locations and geographical regions. Because planning and forecasting spreadsheets tend to be large, complex and require domain-specific expertise to use, there is a tendency for planning and forecasting activities to become siloed at the departmental or regional level. These silos of data stand in the way of a single, clear view of available resources and capacity across the enterprise. As a result, it is difficult to identify whether team-members are over- or under-utilised, or if skills gaps are developing that might prevent the business from completing upcoming work in the forecast.

To achieve a demand forecasting and capacity planning process that is ready for the challenges of an evolving talent marketplace, businesses should target a purpose-built, best-of-breed solution. By combining accurate data on skills and capacity across the entire workforce with fine-grained detail on upcoming projects and future prospects, businesses will be able to achieve stable utilisation rates and ensure they have the capacity to seize new opportunities ahead of their competitors.





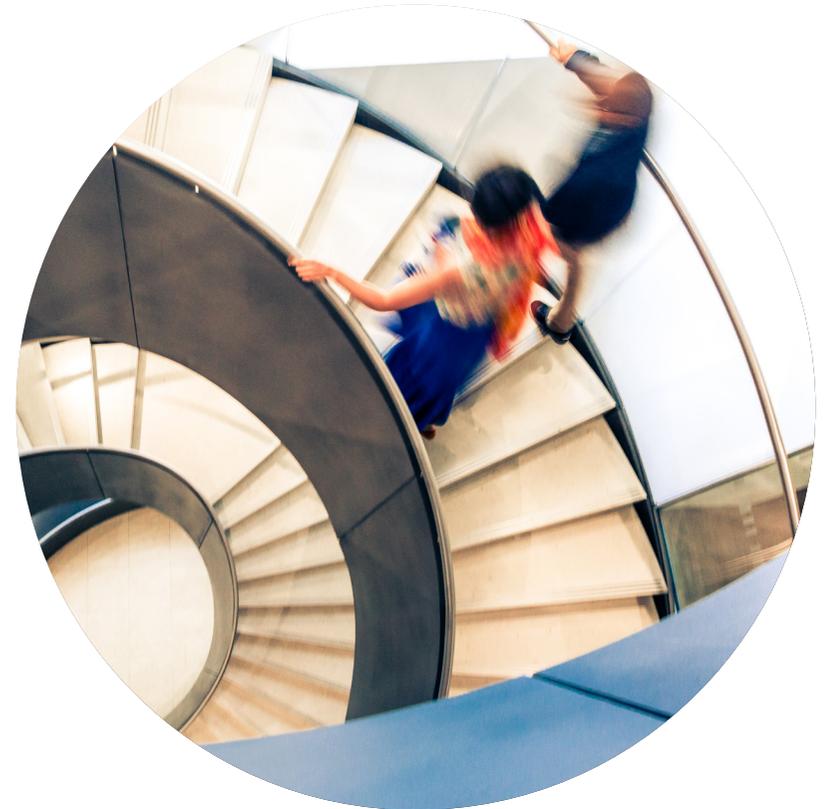
## Taking the next step

Retain is a powerful solution that delivers deep insights into the utilisation, cost and capacity of the workforce: crucial capabilities to prepare for the new imperatives of the data-driven economy. By offering clear visibility into every aspect of the forecasting and planning process, Retain empowers businesses to manage all committed and potential projects in the pipeline, build efficient short, medium and long-term resource plans, and ensure that every project is assigned to the optimal employees.

Even small increases in utilisation can make a big difference to the bottom line. In fact, Retain's research shows that increasing utilisation by a single percentage point can deliver a return on investment of up to £1 million within two years for organisations with around 900 billable resources.

By partnering with Retain, businesses can shape truly effective demand forecasting and capacity planning processes that are fit for purpose in an increasingly competitive talent marketplace. Equipped with mature capabilities in these disciplines, enterprises will gain the agility and flexibility to respond to fast-changing markets and jump on valuable opportunities ahead of the competition.

If your business is taking a fresh look at its workforce strategy, there has never been a better time to learn more about the leading-edge demand forecasting and capacity planning capabilities of the Retain platform. To take the next step today, [click here now](#).



Ensure that every project is assigned to the optimal employees.

# Next Steps

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Explore how Retain International can help you with effective management and allocation of resources, cost management, financial and staff planning.

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*To learn more, visit:*

<https://www.retaininternational.com>

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*To schedule a demo, call us on*

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