Australian Public Service

Workforce planning guide

**Gap analysis and strategy and initiative development**

Effective leadership  Diverse workforce  Capable organisations and workforce  Employee conditions  APS Values

December 2011
Contact and Acknowledgement Information

Enquiries or suggestions about the APS Workforce Planning Guide are welcome and should be directed to:

APSWFP@apsc.gov.au.


Production Team:

Human Capital Research and Evaluation (Group Manager): David Schmidtchen
APS Workforce Planning Strategy Team (Acting Director): Janet Scott
APS Workforce Planning Strategy Team (Assistant Director): Daniela Schlesier
APS Workforce Planning Strategy Team (Assistant Director): Kate Walcott
APS Workforce Planning Strategy Team (Project Officer): Simon Gordon

© Commonwealth of Australia 2011

All material produced by the Australian Public Service Commission (the Commission) constitutes Commonwealth copyright administered by the Commission. The Commission reserves the right to set out the terms and conditions for the use of such material.

Apart from any use as permitted under the Copyright Act 1968, and those explicitly granted below, all other rights are reserved.

Unless otherwise noted, all material in this publication, except the Commission logo or badge, the Commonwealth Coat of Arms, and any material protected by a trade mark, is licensed under a Creative Commons BY SA Attribution Share Alike 3.0 Australia licence. Details of the licence are available at http://creativecommons.org/licenses/by-sa/3.0/au/legalcode.

Attributing Commission works

Use of Commission material licensed under a Creative Commons BY SA Attribution Share Alike 3.0 Australia licence requires you to attribute the work in the manner specified by the Commission (but not in any way that suggests that the Commission endorses you or your use of the work). Almost any form of words is fine provided that you:

- provide a reference to the publication and, where practical, the relevant pages
- make clear whether or not you have changed Commission content
- make clear what permission you are relying on, by including a reference to this page or to a human-readable summary of the Creative Commons BY SA Attribution Share Alike 3.0 Australia licence
- do not suggest that the Commission endorses you or your use of our content.

For example, if you have not changed Commission content in any way, you might state: “Sourced from the Australian Public Service Commission publication [name of publication]. This material is licensed for reuse under a Creative Commons BY SA Attribution Share Alike 3.0 Australia licence.”

If you have made changes to Commission content, it would be more accurate to describe it as “based on Australian Public Service Commission content” instead of “sourced from the Australian Public Service Commission”.

Enquiries

For enquiries concerning reproduction and rights in Commission products and services, please contact communicationsunit@apsc.gov.au.
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Module overview</td>
<td>1</td>
</tr>
<tr>
<td>Document management</td>
<td>2</td>
</tr>
<tr>
<td>Version history</td>
<td>2</td>
</tr>
<tr>
<td>Glossary</td>
<td>3</td>
</tr>
<tr>
<td>Symbols</td>
<td>6</td>
</tr>
<tr>
<td>Gap analysis</td>
<td>6</td>
</tr>
<tr>
<td>Strategy and initiative development</td>
<td>8</td>
</tr>
</tbody>
</table>
Module overview

This is one of eight modules in the Australian Public Service Workforce Planning Guide, designed to assist you with workforce planning in your agency or department. It can be read in isolation; however there are linkages to other modules, just as there are linkages between the elements of workforce planning.

This module provides you with guidance on how to identify gaps (shortages or surpluses) between demand and supply, now and into the future. It provides guidance on how to assess the likelihood and magnitude of the impact of gaps, so you can understand their ‘criticality’. Gap analysis is key in informing your workforce planning strategies. This module also guides you on how to develop strategies and initiatives to close gaps and mitigate associated risks. Read this module in conjunction with the ‘Demand analysis’ and ‘Supply analysis’ modules.

The structure of the modules as they relate to the workforce planning process is depicted in Figure 1. The module you’re reading is highlighted in purple.

Figure 1. Modules in the APS Workforce Planning Guide
Document management

Version history

<table>
<thead>
<tr>
<th>Version</th>
<th>Date</th>
<th>Author</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>December 2011</td>
<td>Australian Public Service Commission</td>
<td>First version</td>
</tr>
</tbody>
</table>
Glossary

Capability
The measure of an individual’s ability to achieve the tasks and objectives of their role through the application of skills, knowledge and attributes.

Employment type
Way in which a worker is employed—for example, ongoing, non-ongoing, non-ongoing intermittent, part time, full time, contractor, consultant.

Job family
First tier in a hierarchy of job segmentation within a workforce.

A job family is a grouping of similar jobs at the highest level that usually consists of several job functions. For example, a possible job family might be ‘Administration, facilities and property’

Job function
Second tier in a hierarchy of job segmentation within a workforce.

A job function is a subgroup of jobs within a job family that require similar skills, capabilities and knowledge. For example, one job function within the job family of ‘Administration, facilities and property’ might be ‘Executive assistants, secretaries and receptionists’.

Job role
Third tier in a hierarchy of job segmentation within a workforce. A job role is a subgroup of jobs within a job function that allows for further refining and grouping of required skills, capabilities and knowledge. For example, a job role within the job function of ‘Executive assistants, secretaries and receptionists’ (in the ‘Administration, facilities and property’ job family) might be ‘Personal/Executive assistants’.

Organisation
Entity for which your workforce plan applies to. It may refer to a department, agency, division, branch, section or unit.

Qualitative
Involving or relating to distinctions based on quality or qualities. Distinguished by a description in words rather than in numbers.

Quantitative
Expressible as a quantity or relating to, or subject to measurement. Distinguished by use of numbers rather than words.

Skill
An ability, acquired through deliberate, systematic and sustained effort, through training and/or experience, to perform tasks within a role that require specific cognitive, technical and/or interpersonal skills.
**Workforce capability**  
What the workforce can do. It refers to the skills and knowledge of the workforce, including elements such as its ability to be innovative.

Workforce capability can be used to describe what is in existence, including latent capability (that is, capability not currently being used), what is predicted may be required in the future and any gap between the two.

**Workforce capacity**  
How much the workforce can do. Refers to the ‘availability’ of the workforce to do work, for instance the absolute numbers of staff available with the necessary skill sets (including their level of the skills) and other elements such as levels of absenteeism (or presenteeism).

When used to describe the absolute numbers of staff, the element of employment type (for example, ongoing, non-ongoing, full-time, part-time) also needs to be considered.

The dimension of workforce capacity can be used to describe what is in existence, what may be required in the future and any gap between the two.

The other component of workforce capacity is the workforce’s ‘performance’, which includes elements such as staff engagement, motivation and discretionary effort.

**Workforce demand**  
The workforce an organisation needs to perform its functions and achieve its business objectives, now and into the future.

Workforce demand is defined in terms of workforce capability, workforce capacity and the alignment of the workforce to the functional business delivery of the organisation (structure).

**Workforce management plan (immediate issues)**  
Deals with immediate and specific workforce issues (such as restructure, conclusion of a significant project or a recruitment campaign for specific skills) and identifies actionable strategies for managing the workforce issues.

An organisation may have a number of workforce management plans if it’s dispersed across a number of geographic locations or business areas.

**Workforce plan**  
Document you produce to capture the key factors you’ve considered in developing the strategies and initiatives to mitigate your workforce risks. Throughout this guide, the term is used broadly to describe either a single workforce plan or multiple workforce plans—strategic workforce plan(s), operational workforce plan(s) and/or workforce management plan(s)—depending on the needs of your organisation.

**Workforce plan, operational (12-18 months)**  
Usually covers the next 12 to 18 months and identifies actionable strategies to address a specific workforce gap in the short to medium term.
Workforce plan, strategic (three-plus years)

Usually covers a three to five-year time horizon, with many organisations focusing on a four-year time horizon aligned to Portfolio Budget Statements. However, if the lead time to fill critical job roles is longer than three to four years, the forecast period may need to extend beyond this.

Seeks to address high-level trends and developments that will affect the availability of the workforce required to deliver organisational outcomes. A suite of actionable strategies will be articulated to mitigate the workforce risks identified.

Workforce planning

A continuous business planning process of shaping and structuring the workforce to ensure there is sufficient and sustainable capability and capacity to deliver organisational objectives, now and in the future.

To be effective, workforce planning needs to be integrated into an agency or department’s strategic planning framework and incorporate strong governance mechanisms so it can be used to clearly identify the human resource (HR) strategies required to continuously deliver the right people—that is, those with the skills and capabilities necessary for the required work—in the right numbers, in the right place, at the right time.

Workforce segment

A specific job family, job function or job role within your organisation.

Workforce structure

Workforce structure refers to how the workforce is organised within programs/functions to deliver expected business outcomes.

Workforce supply, external

Anyone who does not work for your organisation but could do so, now or in the future.

External workforce supply is used to reconcile demand and supply if internal workforce supply is not sufficient and/or cannot be developed to meet demand.

Supply is defined in terms of skills, capabilities and numbers.

Workforce supply, internal

Everyone in the current workforce. It should also consider future movements, in and out of the workforce. This includes full-time, part-time, casual and contracted employees who are working for or supplying services to the agency or department.

Supply is defined in terms of skills, capabilities and numbers.
Symbols

Below is a key to the symbols used in this module, to draw your attention to things that might help you along the way, as you progress workforce planning in your organisation.

**Templates**
Generic templates outlining the basic information required and a suggested format for collecting and structuring this information. Templates are referred to by their number and title.

**Documents to produce**
Documents you may wish to produce at a particular stage of workforce planning. These may eventually be collated to form part of your final workforce plan. Templates are provided for some of these.

**Key questions**
Key questions you may need to answer at a particular stage of workforce planning. These lists are not exhaustive and you may want to think about more questions that are specific to your organisation.

**Section outputs**
Summary of the documents you may have considered and produced at a particular stage of workforce planning, and guidance on where they fit in relation to the development of your workforce plan. Also provides context on how you’re progressing through the workforce planning process.

Gap analysis

**Templates**
(14) Workforce gap, (15) Risk and options analysis

**Documents to produce**
Gap analysis

This section brings together outputs from the ‘Demand analysis’ and ‘Supply analysis’ modules and is really where the power and value of workforce planning is realised. It aims to:

- identify the gap between current supply and current demand and future supply and future demand over the full forecast period
- identify the key time points that skills and capabilities are required and in what numbers
- assess the likelihood and magnitude of the impact of each gap, to grasp their criticality (risk analysis).

The gap analysis is key in informing workforce planning strategies (refer to Table 2 in the ‘Workforce planning explained’ module).

There are two types of gaps: shortages and surpluses. A shortage occurs when workforce supply falls short of demand (that is, there is an insufficient amount of skills). When workforce surplus exceeds demand, there is a workforce surplus.
Depending on your demand and supply analyses across your forecast period, you will define gaps in quantitative or qualitative terms. If you attached numbers (expressed in full-time equivalent (FTE) or headcount) to particular job families, job functions, job roles or skills and capabilities in your demand and supply analyses, you can also define your gaps in numbers. You will need to count the difference between current supply and demand to obtain the gaps that require immediate attention, while calculating the difference between future supply and demand identifies your future gap.1

If you have not attached numbers to your workforce supply and demand, you will need to critically review your qualitative analysis of current and future workforce supply and demand to estimate where gaps exist currently and where potential gaps are likely to occur in the future. Even when there are uncertainties surrounding the potential gaps, it’s a good idea to record them, so strategies can be developed to respond to potential shortages and surpluses.

Once you have identified the gaps, you need to analyse their 'criticality'. What matters for criticality is the:
• likelihood of the gap occurring
• consequence of the gap occurring.

Table 1 provides a simple risk rating matrix for your reference, however it's recommended that you use your organisation's risk management framework in the first instance.

Table 1. Risk rating matrix

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Almost certain</th>
<th>Likely</th>
<th>Possible</th>
<th>Unlikely</th>
<th>Rare</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>E</td>
<td>H</td>
<td>M</td>
<td>L</td>
<td></td>
</tr>
<tr>
<td></td>
<td>E</td>
<td>H</td>
<td>M</td>
<td>L</td>
<td></td>
</tr>
<tr>
<td></td>
<td>E</td>
<td>H</td>
<td>M</td>
<td>L</td>
<td></td>
</tr>
<tr>
<td></td>
<td>E</td>
<td>H</td>
<td>M</td>
<td>L</td>
<td></td>
</tr>
<tr>
<td></td>
<td>E</td>
<td>H</td>
<td>M</td>
<td>L</td>
<td></td>
</tr>
</tbody>
</table>

Risk rating: E (Extreme), H (High), M (Moderate), L (Low)
Consequence: Extreme, High, Moderate, Low, Negligible

---

1 This is the gap that would exist if your organisation did nothing to influence future supply (that is, let current supply develop into the future as projected in your future supply analysis). The aim of workforce planning is to align future demand and future supply, which means that in a perfect world the two will be identical and there would be no gap. An alternative way of looking at the future gap is to look at the gap between future demand and current supply. This will tell you how the current supply needs to be altered to meet demand in the future. However, this method does not take into account the current trend of supply. For example, if supply is projected to increase in the next three years in line with demand, there will be no future gap.
You should be able to assess the gap likelihood based on information from your supply and demand analyses using Template 15. To determine the consequence of the gap, you may need to also consult with line managers who understand what it would mean for your organisation in practice. Combining your understanding of the likelihood and the consequence, you will be able to assess the overall risk of each gap. Likelihood, consequence and risk should each be classified as high, medium or low. Knowing the criticality of each gap becomes important when you develop and prioritise strategies to address the gaps.

**Key questions: Gap analysis**

- What job family, job function, job role, skill and capability shortages and surpluses currently exist in your organisation?
- What job family, job function, job role, skill and capability shortages and surpluses are expected to appear in the future?
- What is the gap between your current workforce demand and your future workforce demand?
- What is the gap between your current workforce supply and your future workforce demand?
- Which are the most critical gaps now and over your forecast period?
- When are your most critical gaps?
- Which are likely to be the most critical gaps in the future?

**Section outputs**

- **After considering the information and suggested outputs in this section**, you should be able to progress your workforce planning as you would have developed a:
  - gap analysis
  - risk analysis of the gaps
- **Workforce plan**. The information contained in these documents will inform the ‘Gap analysis’ section of your workforce plan. Refer to Appendix B of the ‘Workforce planning explained’ module.

### Strategy and initiative development

**Templates**

- (15) Risk and options analysis

**Documents to produce**

- Risk and options analysis

Once you have identified the current and future workforce gaps over the forecast period, and have an understanding of which represent the most risk to your organisation, you will need to develop strategies or initiatives to close the gaps and therefore mitigate the risk associated with each. These strategies or initiatives may already exist in your organisation and need to be aligned to each risk, or modified to increase the probability of mitigating the risk.
If you're developing a strategic workforce plan, you need to develop these strategies at a high level and inform strategic human resources (HR) policy direction. If you're developing an operational workforce plan or a workforce management plan, you will be looking at developing practical and actionable strategies, usually referred to as initiatives or interventions.

You should bear in mind that mitigating the risk posed by the gap is not necessarily always your best option. Sometimes, when the gap is not too critical or the cost of risk mitigation is too high, you may choose to accept the gap. In such cases, identifying the gap is, in itself, the most important aspect.

You should consider several options when addressing or mitigating workforce gaps. Broad themes might include:

- **influencing demand**, which may include:
  - influencing the internal or external business drivers through policy reform
  - changing the way in which your organisation functions (for example, management practices, information technology systems, business process redesign).

- **influencing supply**, which may include:
  - establishing and maintaining partnerships with other agencies or departments, or educational institutions to increase external talent pools and the talent pipeline
  - establishing and maintaining cadet or graduate programs
  - improving the availability of the current workforce
  - attracting and recruiting external people to fill the gap
  - training existing staff in line with new skill requirements.

- **influencing workforce productivity**, which may include:
  - using your employees differently to fill existing or emerging gaps (for example, job redesign, restructure, redeployment)
  - shifting relevant tasks to another part of the agency or department that has the skills and capabilities necessary to undertake them.

Strategies and initiatives need to be tangible and SMART.

The best strategies address the root cause of the issue and can only be developed if the root cause is fully understood.

Table 2 lists suggested themes which may help you develop strategies and initiatives specific to your organisation. Be aware of existing workforce and HR strategies and initiatives, as you may be able to build on these instead of developing new ones. You may also want to build partnerships with other organisations facing similar workforce issues, such as joint training courses and secondments, which can constitute efficient solutions to some workforce problems.

---

2 specific, measurable, achievable, realistic, and time-bound
It may not be feasible to develop strategies and initiatives for all of your gaps. You may instead prioritise your top three to five gaps and, for each of these, develop at least one strategy or initiative. You will need to identify impediments to these strategies and initiatives, as well as additional benefits from them. You should also ensure they align with your organisation’s objectives and values, and assess the overall likelihood of their success and impact in addressing the gaps. You can use Template 15 to assist you in collating all strategy and initiative options.

For greater executive buy-in, particularly if the chosen strategies and initiatives require funding, it’s recommended you at least approximately cost and align them to their proposed impact.

For example:

Leadership development program ($1 million over four years)

- increased leadership performance by 5% (measured through upward feedback or staff surveys)
- reduced staff turnover at lower levels by 2%
- $xx savings in recruitment costs.

Table 2. Elements of workforce planning strategies and initiatives

<table>
<thead>
<tr>
<th>Recruitment and selection</th>
<th>Leadership development and talent management</th>
<th>Employment conditions and remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Recruitment and selection processes</td>
<td>• Partnerships with other organisations</td>
<td>• Pay rates and ranges</td>
</tr>
<tr>
<td>• Induction and on-boarding</td>
<td>• Involvement with educational institutions</td>
<td>• Incentives and allowances</td>
</tr>
<tr>
<td>• Advertising, branding, reputation</td>
<td>• Graduate programmes</td>
<td>• Leave management and flex time</td>
</tr>
<tr>
<td></td>
<td>• Mentoring, coaching, shadowing</td>
<td>• Work-life balance</td>
</tr>
<tr>
<td></td>
<td>• Development pathways</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Leadership, learning and development interventions and programs</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Organisation and management development

- Knowledge management
- Operational procedures and processes
- Management systems
- Information technology solutions
- Restructure
- Business process redesign

Structure and job design

- Operating structures
- Workload
- Reporting lines
- Flexibility, variety, complexity, autonomy

Employment type and classification

- Permanent and contract
- Classification levels
- Temporary and casual
- Broad-banding
- Full time and part time

Individual development

- Training
- On-the-job development
- Management and core skills development
- Mobility or secondment opportunities
- Study leave
- Scholarships
- Promotions
- Internships
- Transfers
- Project work groups
- Acting
- Career planning
- Portfolio careers and agency and department partnerships

- Performance management
- Team and individual recognition and reward
- Goals for performance
- Feedback processes
- Formal and informal recognition
- Review and evaluation

Section outputs

- After considering the information and suggested outputs in this section, you should be able to progress your workforce planning as you would have developed a ‘risks and options analysis’ and identified and prioritised the strategies and initiatives required to address your workforce gaps.

- Workforce plan. The information contained in these documents will inform the ‘Workforce strategies’ section of work your workforce plan. Refer to Appendix B of the ‘Workforce planning explained’ module.