

How to do *workforce capacity* planning by skill

Counting heads tells you how many people you have. It does not tell you whether you can actually deliver the work in front of you.

Workforce capacity planning by skill answers the harder, more useful question: do we have enough of the right capability, in the right place, to meet what is coming? This is how to do it.



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Reading time 12 min • **Method** Upleashed 0 to 5 capability framework • **Updated** May 2026

THE SHORT ANSWER

To plan workforce capacity by skill, forecast the demand coming, in skills, not just headcount, then measure the capable supply you have for each skill, and compare the two. Where capable supply falls short of demand, act: train, cross-train, redeploy or hire. Re-run the comparison on a regular cycle so you spot shortfalls early. In short: **forecast demand by skill, measure capable supply, and close the gap before it becomes a crisis.**

KEY TAKEAWAYS

- **Capacity is capability, not headcount.** Ten people are not ten people's worth of work if they lack the right skills.
- **Plan supply and demand by skill.** Forecast the skills the work needs, then measure the capable supply you have for each.
- **The gap drives the action.** A shortfall means train, cross-train, redeploy or hire; a surplus means redeploy or develop.
- **It is a cycle, not a one-off.** Re-run the comparison regularly so shortfalls surface early, while there is still time to act.
- **The matrix is the supply side.** A skills matrix tells you, per skill, exactly how much capable capacity you really have.

— START HERE

What workforce capacity planning *really is*

Workforce capacity planning is the process of aligning the people, skills and time you have with the work that is coming, so you have the right capability, at the right scale, when you need it. Its operative question is not "how many people?" but "can we actually deliver?".

Capacity is capability, not headcount

The common mistake is to plan capacity as a single number: sixty people means sixty people's worth of work. It does not. If the work needs data analysis and only one of those sixty can do it well, your capacity for that work is one, not sixty. Real capacity planning looks **beyond headcount to capability**: who can actually do each kind of work, to standard. A team can be fully staffed and still unable to deliver, because the bodies and the skills are not the same thing.

It is supply and demand, matched by skill

At heart, capacity planning is a comparison. On one side is **demand**: the work coming up, broken down into the skills it will require. On the other is **supply**: the capable capacity you actually have for each of those skills. Lay them side by side and the gaps appear, skills where demand outstrips capable supply, and so do the surpluses. Those gaps are where capacity planning earns its

keep, because they are the problems you can now fix in advance instead of discovering mid-crisis.

It is the operational twin of strategy

Strategic workforce planning sets the long-term direction: what capabilities the organisation will need years out. Capacity planning is its near-term, operational twin: regularly matching the supply and demand of skills over the coming weeks and months, so the strategy is actually deliverable. It is the recurring discipline that turns "we should build these skills" into "we have enough capable people to do next quarter's work", and flags clearly when you do not.

— WHY IT MATTERS NOW

Headcount planning hides the *real shortfalls*

Plan by headcount alone and you discover your true capacity only when the work arrives and cannot be done. Plan by skill and the shortfalls show up weeks ahead, while there is still time to train, cross-train or hire.

39%

WEF, 2025

of workers' core skills are expected to change by 2030, so the capability you can supply keeps shifting.

63%

WEF, 2025

of employers call skills gaps the biggest barrier to transformation, exactly what capacity planning surfaces early.

87%

MCKINSEY, 2024

of organisations already face skills gaps or expect them within five years, making skill-based planning urgent.

The pattern across the research is consistent: skills are changing fast, gaps are the leading brake on delivery, and most organisations either have a shortfall now or expect one soon. Headcount planning is blind to all of this, because it counts people, not capability. Planning capacity by skill turns those abstract warnings into something concrete and local: **for the work we have coming, exactly which skills are short, and by how much.** That is the

difference between absorbing change calmly and lurching from one resourcing crisis to the next.

— THE METHOD

Seven steps to plan capacity by skill

This is a forecast-and-compare cycle. Work through it in order: understand the demand coming, measure the capable supply you have, compare the two by skill, then act on the gaps and keep the cycle running.

1

Forecast the demand, in skills

Start with the work coming up over your planning horizon, a quarter is a sensible default, and break it into the skills it will require, not just the hours. New projects, seasonal peaks, a system migration, a regulatory change: each implies particular skills in particular volumes. Expressing demand as "we will need this much data-analysis capability" rather than "we will be busy" is what makes the rest of the plan possible.

WATCH OUT Forecasting demand as a single headcount number throws away the detail that matters. Demand has a skill shape, capture it.

2

Measure the capable supply you have

Now the supply side. For each skill the demand needs, count how many people can actually do it to the required standard, your capable capacity. This is where a skills matrix does the heavy lifting: reading down each skill column tells you, honestly, how much real capability you can field, as opposed to how many names are on the team list.

WATCH OUT Counting everyone "associated with" a skill overstates supply. Only people at the required level are genuine capacity for that work.

3

Account for real availability

Capable does not mean available. Discount for leave, part-time hours, planned absence and the share of time already committed to other work. A person capable of a skill but fully booked on something else is not spare capacity for it. Building realistic availability into the supply figure stops the plan from promising capacity that exists on paper but not in practice.

WATCH OUT Treating every capable person as fully available is how plans look fine and then fail. Net off the time that is already spoken for.

4

Compare supply against demand, by skill

Lay the two side by side for each skill. Where capable, available supply meets or exceeds demand, you are covered. Where it falls short, you have a capacity gap; where it far exceeds demand, you may have spare capacity to redeploy. This skill-by-skill comparison is the core of the whole exercise, and it turns a vague worry about being stretched into a precise, itemised picture.

WATCH OUT A team that balances overall can still be badly short on one critical skill. Compare each skill, not just the totals.

5

Choose the right response to each gap

Each shortfall has several possible fixes, and the best one depends on the timescale. Train or cross-train existing people for gaps you can see coming with enough lead time; redeploy spare capacity from a surplus skill; use contingent or borrowed resource for short, sharp peaks; hire for sustained, structural gaps. Matching the response to the gap is what keeps the plan both affordable and realistic.

WATCH OUT Defaulting to "hire" for every gap is slow and expensive. Many gaps are better closed by cross-training or redeploying people you already have.

6

Build resilience into the plan

A capacity plan that depends on one capable person per critical skill is one absence from failure. Where a skill rests on a single pair of hands, treat that as a capacity risk and plan a second capable person, even if today's totals look fine. Capacity planning and resilience are the same exercise viewed from two angles: enough capability, and enough cover.

WATCH OUT A skill that nets out as "just enough" but sits with one person is fragile, not fine. Single-person supply is a gap waiting to open.

7

Re-run the cycle regularly

Capacity planning is a recurring rhythm, not an annual event. Re-forecast demand and re-measure supply each cycle, quarterly works well, and whenever something changes the picture: a new project, a departure, a shift in strategy. Running it often is what lets you spot a shortfall while there is still time to train or hire into it, rather than discovering it the week the work lands.

WATCH OUT A capacity plan done once goes stale fast. The value is in the cadence, catching gaps early enough to act calmly.

— THE THREE INPUTS

What capacity planning weighs up

Every capacity decision balances three things at once. Headcount planning sees only the first; planning by skill brings all three into view, which is why it predicts delivery so much better.

INPUT 01

Demand

The work coming, expressed in skills and volumes, not just hours or headcount. A clear demand forecast tells you what capability you

INPUT 02

Capable supply

How many people can do each skill to the required standard, your real capacity. This is capability, measured honestly, not the size of the team.

INPUT 03

Availability

How much of that capable supply is genuinely free, after leave, part-time hours and existing commitments. Capacity that is already booked is not

will actually need, and when.

capacity you can plan with.

The art is holding the three together. Demand without a capability view tells you that you are busy but not whether you can cope; capable supply without availability flatters the plan; availability without skill detail is just a headcount in disguise. Put all three together, demand shaped by skill, supply measured by capability, discounted for real availability, and you get the one thing headcount planning can never give you: an honest, skill-by-skill answer to "can we actually deliver this?".

— THE SCALE BEHIND THE SCORES

The 0 to 5 capability framework

Capacity planning needs a shared definition of "capable", so the supply you count is real. This fixed, research-backed scale provides it, with Level 3 as the point at which a person genuinely counts as available capacity for a skill, able to do the work to standard, unsupervised.

0

No skill required or desired

EXCLUDED

No expectation that the person or role needs this skill within the next year. Take a longer-term view here, and do not use this level for short-term assessments. Contributes no capacity for this skill.

1

In training / Trainee

WEIGHTING 25%

Expected to be proficient within a year. Has completed up to 75% of training and does not yet fully understand the quality requirements. Not yet dependable capacity for this skill.

2

Developing capabilities

WEIGHTING 50%

Has completed more than 75% of training. Can probably perform the task alone, but consistent quality and productivity are not yet evidenced, so complex output still needs checking. Partial, supervised capacity at best.

3

Capable

WEIGHTING 75% · COUNTS AS CAPACITY

Has completed 100% of training and shown consistent quality and productivity. Can work unsupervised. This is the level at which a person counts as genuine, dependable capacity for a skill.

4

Subject Matter Expert / Trainer

WEIGHTING 100%

Prolonged experience at a consistent level. Works autonomously and can train others, so a Level 4 is both high capacity and the means to build more. If the skill has not been used in three months, drop back to Level 3 to reconfirm competence.

5

Strategic ownership / Leadership

WEIGHTING 100%

Can define and develop new processes and skill requirements, show cross-function expertise, and demonstrate leadership. Carries the same numeric weight as Level 4; the purple flag highlights strategic capability and helps you spot succession candidates.

How capable supply is counted

For each skill, your capable supply is the number of people at Level 3 or above, the point at which someone can do the work unsupervised. The proficiency weightings, Level 1 = 25%, 2 = 50%, 3 = 75%, 4 and 5 = 100%, with 0 excluded, also let you express partial capacity for people still developing. Set against the demand for that skill, the comparison shows surplus, balance or shortfall at a glance.

A worked example. Capacity for Data analysis next quarter:

Data analysis column 2, 1, 2, 1, 2, 1 → people at Level 3+
= 0
demand next quarter = 2 capable people needed
capacity gap = 2 → train or cross-train two people to
Level 3 before the work lands.

— SEE IT ON A REAL TEAM

What capacity planning looks like *on a matrix*

Here is the same six-person team, planned for next quarter. For each critical skill, the capable supply (people at Level 3 or above) is set against the demand the coming work implies. The comparison shows instantly where you are covered, tight, or short.

Skill	Capable supply	Demand next qtr	Position	Action
Complaint handling	6	3	Surplus	Redeploy spare capacity to gaps
CRM / Salesforce	3	3	Balanced	Hold; watch for absence risk
Data analysis	0	2	Short 2	Train / cross-train, urgent
Compliance (KYC)	1	2	Short 1	Cross-train a second person
Demand forecasting	1	1	Tight	Single point of failure, add cover

■ Surplus · redeploy
 ■ Balanced / tight · watch
 ■ Short · act now

2

skills short of demand (Data analysis, Compliance), spotted before the work lands

1

surplus to redeploy, funding part of the fix

Illustrative plan on the Upleashed 0 to 5 framework. Capable supply counts people at Level 3 or above; setting it against forecast demand turns headcount into a real delivery picture.

WHAT THE COMPARISON REVEALS

- **A surplus funds the fix.** Complaint handling has six capable for a demand of three. That spare capacity is the first place to look when redeploying or freeing people to cross-train into the short skills.
- **The real shortfalls stand out.** Data analysis is short by two and Compliance by one. Caught now, both can be closed by training before the work arrives, instead of becoming a crisis when it does.
- **Balanced is not always safe.** CRM nets to balanced and Demand forecasting to tight, but each rests on few people; a single absence tips them into shortfall, so both need watching.
- **Headcount would have hidden all of it.** Six people look like ample capacity, yet two critical skills are short. Only the skill-by-skill view exposes the real position.

— CLOSING A CAPACITY GAP

Five ways to close a shortfall, and when to use each

A capacity gap has more than one fix, and the right choice depends on how much lead time you have and whether the gap is a one-off peak or a lasting need. Here is how the options compare.

Option	Best for	Watch out for
Cross-train existing people	Foreseeable gaps with enough lead time; building lasting, flexible capacity	Takes time; start before the work lands, not when it arrives
Redeploy from a surplus	A skill with spare capable capacity that can shift to a short one	Only works if the people genuinely have the needed skill, or can quickly
Contingent / borrowed resource	Short, sharp peaks and specialist needs for a limited period	Cost and ramp-up time; builds no lasting internal capability
Hire	Sustained, structural gaps that existing people cannot cover	Slowest and most expensive; wrong answer for a temporary peak
Reduce or reschedule demand	When no supply fix is realistic in the time available	Needs honest conversations; better than quietly missing the standard

A reliable default: meet foreseeable, lasting gaps by cross-training and redeploying the people you already have, since that builds durable capacity at the lowest cost; reach for contingent resource only for genuine short peaks, and hire for gaps that are clearly structural and sustained. And when no supply fix fits the timescale, reshaping or rescheduling the demand is a legitimate, honest move, far better than pretending the capacity exists.

— AVOID THESE

Six mistakes in capacity planning

MISTAKE 01

Planning by headcount alone

Counting people, not capability, hides every skill shortfall. Sixty people is not sixty people's worth of every kind of work.

MISTAKE 02

Forecasting demand as one number

"We'll be busy" cannot be planned against. Break demand into the specific skills and volumes the work will need.

MISTAKE 03

Ignoring real availability

Capable is not available. Counting fully-booked people as spare capacity is how plans look fine and then fail.

MISTAKE 04

Reading totals, not skills

A team that balances overall can be badly short on one critical skill. Always compare supply and demand per skill.

MISTAKE 05

Defaulting to hiring

Hiring for every gap is slow and costly. Many gaps are closed faster and cheaper by cross-training or redeploying.

MISTAKE 06

Planning once a year

A stale plan misses the gaps forming now. Re-run the cycle regularly so shortfalls surface while you can still act.

The method is free. A ready-made matrix just makes capable supply *visible*.

Everything here works in a blank spreadsheet, and that is a fine place to start. A purpose-built template simply measures the supply side for you. The grid and the fixed 0 to 5 scale are ready, the analytics count how many people are capable of each skill, your real capacity, so you can set it against demand, spot the short skills, and see where a surplus could be redeployed.



The Advanced Excel Skills Matrix counts capable people per skill, giving you the real supply side of a capacity plan at a glance, so demand can be set against true capability, all on the same 0 to 5 framework used throughout this guide.

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Quick *answers*

Q What is workforce capacity planning?

It is the process of aligning the people, skills and time you have with the work coming up, so you have the right capability at the right scale when you need it. Done well, it compares the demand for each skill against the capable supply you can field, and flags shortfalls early.

Q How is it different from headcount planning?

Headcount planning counts people; capacity planning counts capability. Ten people are not ten people's worth of a skill only two of them have. Planning by skill reveals shortfalls that a headcount total completely hides, which is why it predicts delivery far more reliably.

Q How do I forecast demand by skill?

Take the work coming over your planning horizon, new projects, peaks, changes, and break each into the skills and volumes it will require, rather than a single hours or headcount figure. Expressing demand by skill is what lets you compare it meaningfully against your capable supply.

Q How do I measure my capable supply?

For each skill, count the people who can do it to the required standard, usually Level 3 or above, then discount for leave, part-time hours and existing commitments. A skills matrix gives you the capable count directly; availability turns it into supply you can actually plan with.

Q What should I do when a skill is short?

Match the fix to the timescale: cross-train or redeploy existing people for gaps you can see coming, use contingent resource for short peaks, and hire for sustained structural gaps. When no supply fix fits the time available, reshaping or rescheduling the demand is a legitimate option.

Q Do I need software for capacity planning?

No. A well-built spreadsheet that shows capable people per skill lets you plan capacity perfectly well, and most teams should start there. Software helps when you want supply tracked live across many teams and set automatically against demand, with reminders and AI-assisted suggestions.

ABOUT THE AUTHOR



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Alex is the creator of the Upleashed capability framework that powers Skills Matrix Template, the award-winning Excel skills matrix. A Chartered Manager with an MBA, an LLM and a doctorate in business administration, he has spent more than two decades helping operations, HR and quality teams turn workforce capacity from a gut feel into something they can measure, manage and prove.

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A stylized, handwritten signature in black ink that reads "Alex J. Martin-Smith".

Dr Alex J. Martin-Smith

SOURCES

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World Economic Forum. (2025). *The future of jobs report 2025*. World Economic Forum.

Plan the capability, not the *headcount.*

You now have the whole method. The quickest way to start is to take next quarter's work this week, break it into the skills it needs, and set that against how many people can actually do each one. The gaps will show you exactly where to act.

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