How to Approach Headcount Planning and Key Role Prioritization

When it comes to headcount planning, companies of all stages typically fall into two traps: go on a hiring spree or become very conservative with hiring due to cash burn.

This guide aims to help you excel at headcount planning and key role prioritization. Your hiring strategy should strike the right balance between team needs and cash realities. Your hiring plan must deeply consider your company's business goals, financial health, growth stage, operational needs, and strategic vision. A strong hiring plan also includes talent retainment strategies so existing staff feels supported and enabled without burning out, while onboarding new team members.

A well-crafted hiring plan will help you attract and retain top talent that directly contributes to executing your company's roadmap and accomplishing key business objectives in a scalable and sustainable way.

Once you've created a headcount plan,
this guide will also help you determine how to
prioritize the volume of planned roles to maximize
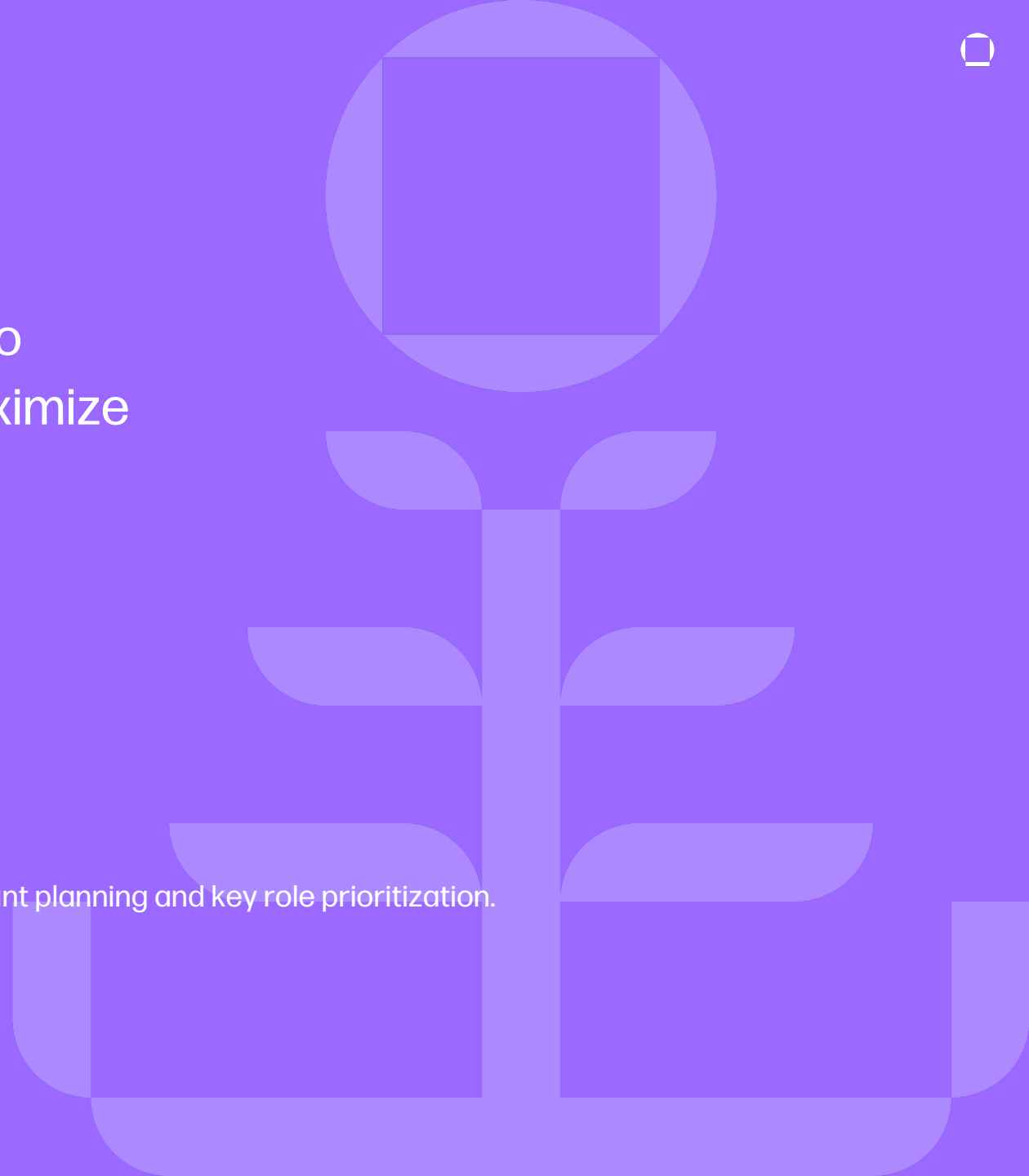value and foster long term growth.

Jules Nguyen
Portfolio Talent Lead - Galaxy Ventures

If you have any questions about this guide, I can walk you through headcount planning and key role prioritization.
Reach out to me over Email or Telegram.

Download a Headcount Plan Template here.

How to Approach Headcount Planning

Proper planning means looking at the bigger picture of your business needs. Before approving and opening a new role, here are five questions to ask yourself:

1. **Do you have a large enough customer base as well as growing demand?**

   It can be a common mistake to have a big sales quarter which stretches your team thin, leading a company to think it needs to ramp up hiring. It's important to follow your forecasting to ensure that your product market fit is generating consistent customer traction quarter over quarter, instead of reacting to peaks in demand. Reactive hiring can lead to premature hiring which may dilute talent focus and/or resource optimization. If you have a proven model with continued customer demand, proactively adding headcount at the right roles should further accelerate growth.

2. **Do you have enough cash runway to invest in a new hire(s)?**

   Your company's financial health must be strong enough to support hires in terms of their compensation and the resources they need to be successful in their roles. It can be a common oversight to hire expensive talent while not forecasting the budget for the tools required to conduct their work. Ensure that your cash runway can support comp and resources for the long term. If there isn't budget for a long term hire, explore what a short term contractor might be able to accomplish.

3. **Is your operational capacity stretched thin?**

   Operational bottlenecks are hindering growth and productivity. Use data driven decision making to identify which teams need support and what kind of support. Metrics to consider such as new feature delays or latency in customer service response times may indicate the need for additional resources or internal restructuring. Hiring new employees can relieve pressure on strained teams, drive efficiency, and create career development opportunities for existing employees. Alternatively, restructuring internal teams may alleviate operational challenges without having to add new headcount.

4. **Are you entering a new market, launching a new product, or scaling operations significantly?**

   You have strategic initiatives that require additional employees to execute. New headcount must align with these strategic company goals. For example, if you're launching a new product, a product marketing manager may be appropriate. To go one layer deeper, if you're launching a new product and need to start generating revenue, look for a product marketing manager who has a track record in marketing revenue-generating products as opposed to one whose background might be rooted in marketing free consumer products.

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5. **Do you have a clearly defined role? In other words, have you clearly defined what business goal this role will accomplish to be successful?**

   Clear role definitions ensure that the investment in talent will fill a specific gap in the company and generate ROI. Don't just hire to hire – what is this hire solving for? This also will help the new hire ramp up quickly and make a meaningful impact. We also have a guide on writing effective job descriptions to ensure that you're attracting the right candidates.

If you answered yes to all or most of the above questions, it's time to do headcount planning.

Creating a headcount plan before kicking off hiring is essential because it forces you to take a strategic look at your startup's growth, capabilities, and future needs. It provides a clear roadmap of where you are now and what positions are necessary to reach your company goals. By carefully aligning hiring decisions with these factors, startups can scale effectively and mitigate risks associated with over hiring.

Key Role Prioritization

Success Metrics

The first step in prioritizing specific new roles is to align their success metrics with company goals. For example, if driving revenue is a top objective for the company, hiring sales representatives may seem like the obvious answer. Think deeper on exactly what type of sales hire you need. You may need a sales leader to build out and/or mature the function, or ICs to scale revenue. Perhaps you actually need a Chief Revenue Officer who can cut costs and optimize revenue generation without expanding the sales team. Ensure that when you're looking to hire key roles, those hires are structured to solve specific problems instead of adding general headcount to support a department.

Time-to-Fill

Another critical factor to evaluate is Time-to-Fill. Top performing companies use a hiring metric called "time-to-fill", or "time-to-hire", to accurately forecast financial spend, company needs, and get ahead of attrition. According to annual hiring reports from leading recruiting platforms, Ashby and Gem, the median time-to-fill for 2024 was 41 days. In fact, 75% of all open roles are filled in 60 days or less. Assess which hires are likely to generate the highest ROI based on the time it takes to hire them. You may come to the realization that a contractor may fill the need faster in order to get a product feature out on time. Your Finance team will also thank you if they know ahead of time how to manage the budget effectively.

Key Role Prioritization

Balance Roles

Some roles are necessary to maintain current operations and support immediate growth. Balance your plan with roles that prepare the company for future challenges and opportunities, even if their impact isn't immediate. Band-aid approaches such as hiring to solve an immediate problem, may not serve you well in the long run - you're chasing your tail and fighting fires instead of being proactive. If you successfully onboarded a cohort of Account Executives, you should be thinking about Customer Success Managers to support potential new customers.

Under-Resourced Areas

Assess which areas of the company are under-resourced and causing delays or inefficiencies, keeping in mind team dynamics and skill gaps. Roles that relieve pressure on your team should take precedence. This will prevent attrition, and boost not only operational performance, but company morale as well.

Critical Hires

Thoughtfully approaching headcount prioritization allows you to focus your resources on the most critical hires first, ensuring that the investment in new headcount delivers the highest ROI and minimizes risk. In essence, it ensures that you're not just growing your team, but that you're growing it strategically to support both immediate needs and future scalability.