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NEW WAYS OF WORKING

FOR THE NEW NORMAL

11 June, 2020

welcome to brighter

Navigating Uncertain Times
Return to the New Normal

Shireen Kwan
Growth Leader

Respond → Return → Reinvent

Our Point of View

How should we return?

Return Safely
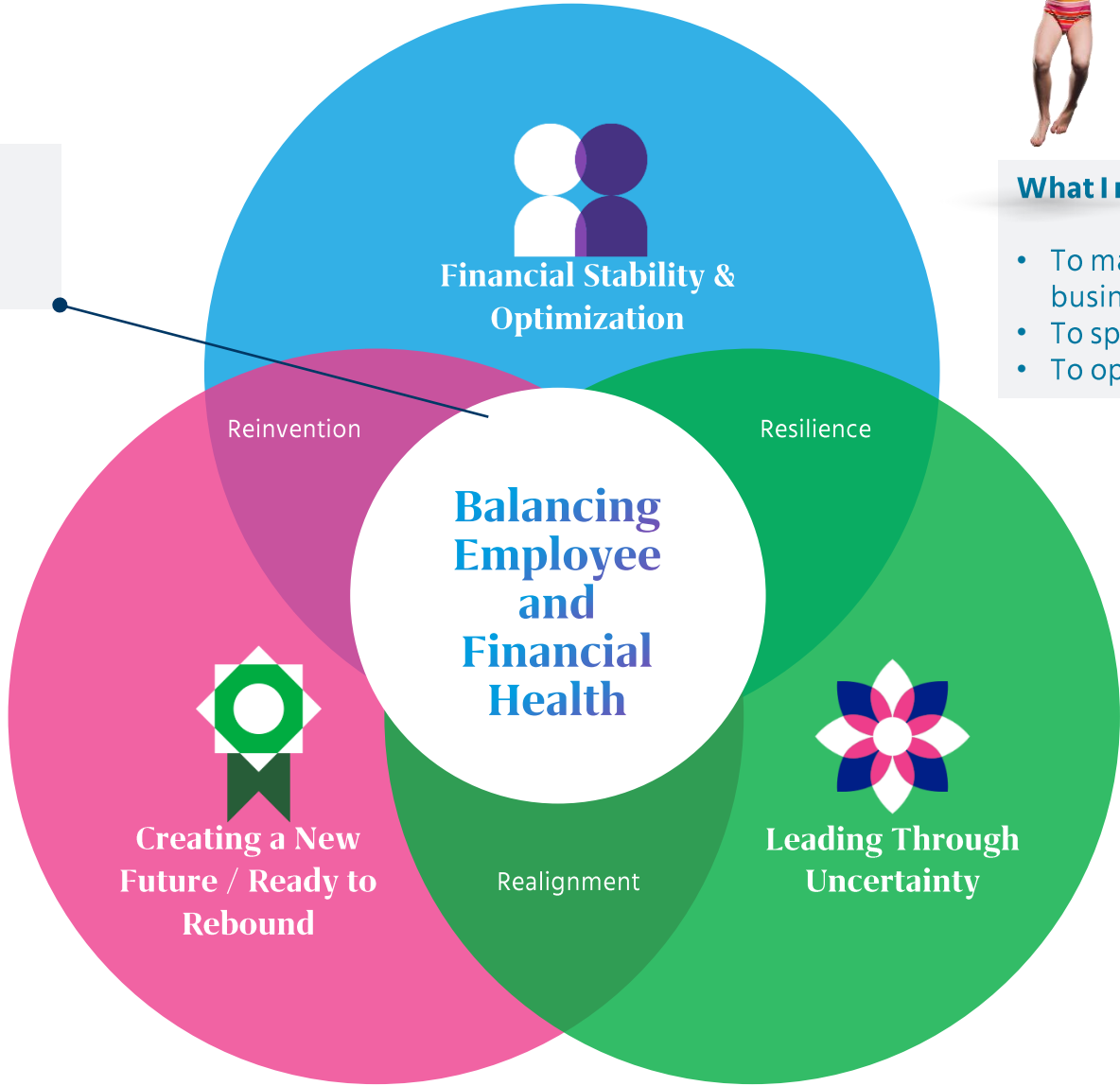
Return to Stability

Return with Energy

What we heard business leaders say

All business leaders are faced with responding to a global health crisis while keeping their businesses operational and profitable.

Financial Stability & Optimization

Reinvention

Resilience

Balancing Employee and Financial Health

Creating a New Future / Ready to Rebound

Realignment

Leading Through Uncertainty

What I need:

- To maintain the financial health of our business
- To spend wisely and manage risk
- To optimize our return on investment

What I need:

- To change the way our business works – to reflect the new rules of the game
- To learn important lessons and become faster, leaner and more agile as a result

What I need:

- To protect and build trust with our people & stakeholders
- To manage through volatility
- To communicate well

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MEETING YOU TODAY

Akshat Joshi,
Workforce Transformation and
Digital Solutions Lead, ASEAN
akshat.joshi@mercer.com

Siddharth Mehta,
Workforce Analytics Lead,
Singapore
siddharth.mehta@mercer.com

Q&As are at the end of session, do send your questions to moderator through Q&A function.

Topics

1 *REIMAGINE TALENT POOL*
Flexible and Shared Talent

2 *MANAGE CRITICAL TALENT*
Black Swan Events

3 *REFRESH HR FUNCTION*
Resilient and Efficient

Old rules don't apply, so let's make new ones.

What you'll hear today

1
Reimagine talent pool – flexible & shared talent
4Ws and 1H

2
Using analytics to match talent demand and supply
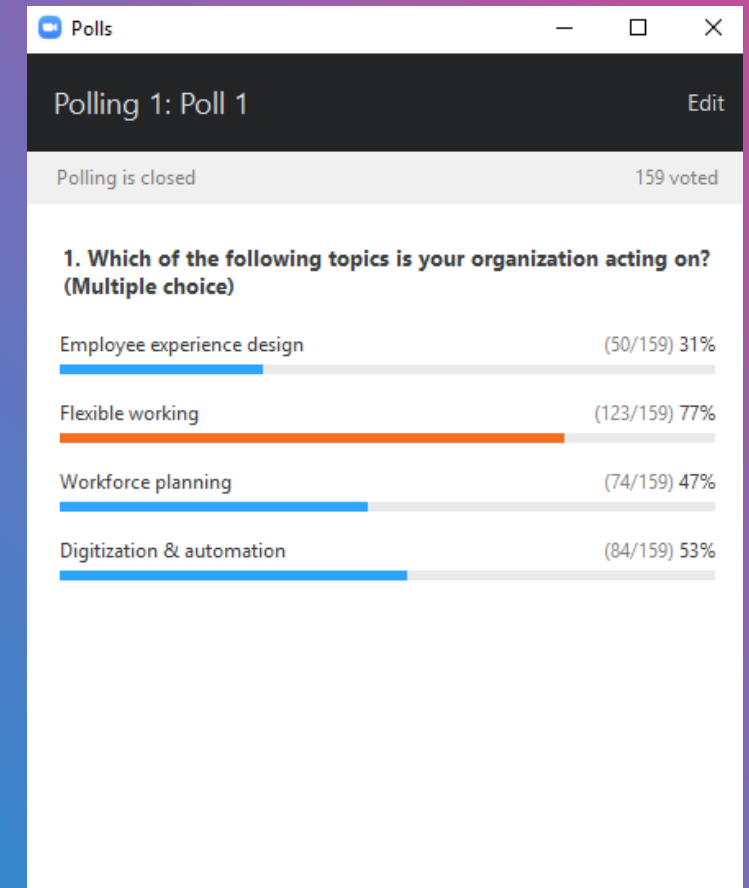
3
Resilient operations - great people experience

4
What matters most - business impact through HR

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Time for some audience participation!

Which of the following topics is your organisation acting on?
(select all that apply)

- Employee experience design

- Flexible working

- Workforce planning

- Digitization & automation

REIMAGINE TALENT POOL

Flexible and Shared Talent

Myth or Truth?

Flexible working is all about working remotely

Myth

Flexible working is not a matter of IF; it's a matter of 4Ws and 1H

Mercer Adaptive Working™ Framework

When
- Hours and timing
- Discretion to change

Where
- Location & ability to vary
- Infrastructure

What
- Vary job content
- Ability to share or exchange

Who
- Distributed beyond traditional workforce
- Automated

How
- Vary intensity
- Scale up or down

People Strategy Implications

When
- Opens up - opportunities to recruit from wider talent pools
- Limited opportunities to scale up or down at speed
- Care needed to ensure consistency and fairness are applied by managers
- Need for trust and some monitoring

Where
- Remote working infrastructure requirements become crucial
- Opens up opportunities to recruit from wider talent pools
- Limited opportunities to scale up or down at speed
- Care needed to ensure consistency and fairness
- Research shows it leads to improved engagement and productivity

What
- Nontraditional model, but becoming more common
- More likely to respond quickly to scaling up or down
- Greater degree of trust or measurement required
- Ability to pull in resources from the widest global talent pools
- Best possible digital infra needed to support working

Who
- Gig economy model, however being challenged by courts as illegal (UK, US, Canada)
- Cost efficiency, scaling and productivity optimized
- High level of trust assumed, or high level of measurable outcomes being enforced
- Little or no social protection or employee benefits for workers

How
- Traditional model
- Certainty of planning
- Difficult to scale rapidly
- Employees prefer flexible working over a pay raise. Unlikely to attract certain talent pools, such as returning women — not the best model for full employment economies

Find out the three ways to get started on flexible working. Check out the QR code.

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Emerging Trend: Temporary Talent Sharing

- ✓ Urgently address current workforce challenges, including the need to add production/capacity and/or to control labor costs
- ✓ Positively impact the local community by addressing labor supply/demand of essential services
- ✓ Support employees by providing opportunities to work and earn during downturn

Lending Employer ⟷ **Host Employer**

- • A portion of **Lending Employer's** employees works for **Host Employer** for a period of time
- • Employees return to work at **Lending Employer** with minimal disruption to income and well-being
- • **Host Employer** is able to efficiently flex staffing to address short-term spike in demand

Discover how companies are using talent sharing to address workforce challenges. Scan QR code.

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Emerging Trend: Temporary Talent Sharing

Decreased Demand & Underutilizing Current Workforce

Entertainment	Travel / Airlines / Hotels	Retail (non-grocery)

✔ Contribute to the local company needs and support the economy

✔ Potentially avoid terminations and layoff by offsetting employee costs

✔ Minimize negative impact on employee wellbeing associated with loss of wages and/or momentary lack of purpose

✔ Avoid future recruiting and onboarding costs when demand returns

✔ Rebound with a re-energized workforce that has learned new skills in new environments

Healthcare & Public Health	Groceries & delivery	Government Admin.

✔ Efficient solution to temporary, pandemic-related increase in demand – avoiding mass recruiting and potentially future terminations

✔ Maintain quality and service through experienced workforce, previously "credentialed" by partner employer

✔ Opportunity to bring in talent and expertise at multiple levels of experience

✔ Ability to monitor demand and flexibly adjust supply as needed, while engaging in long-term strategic workforce planning

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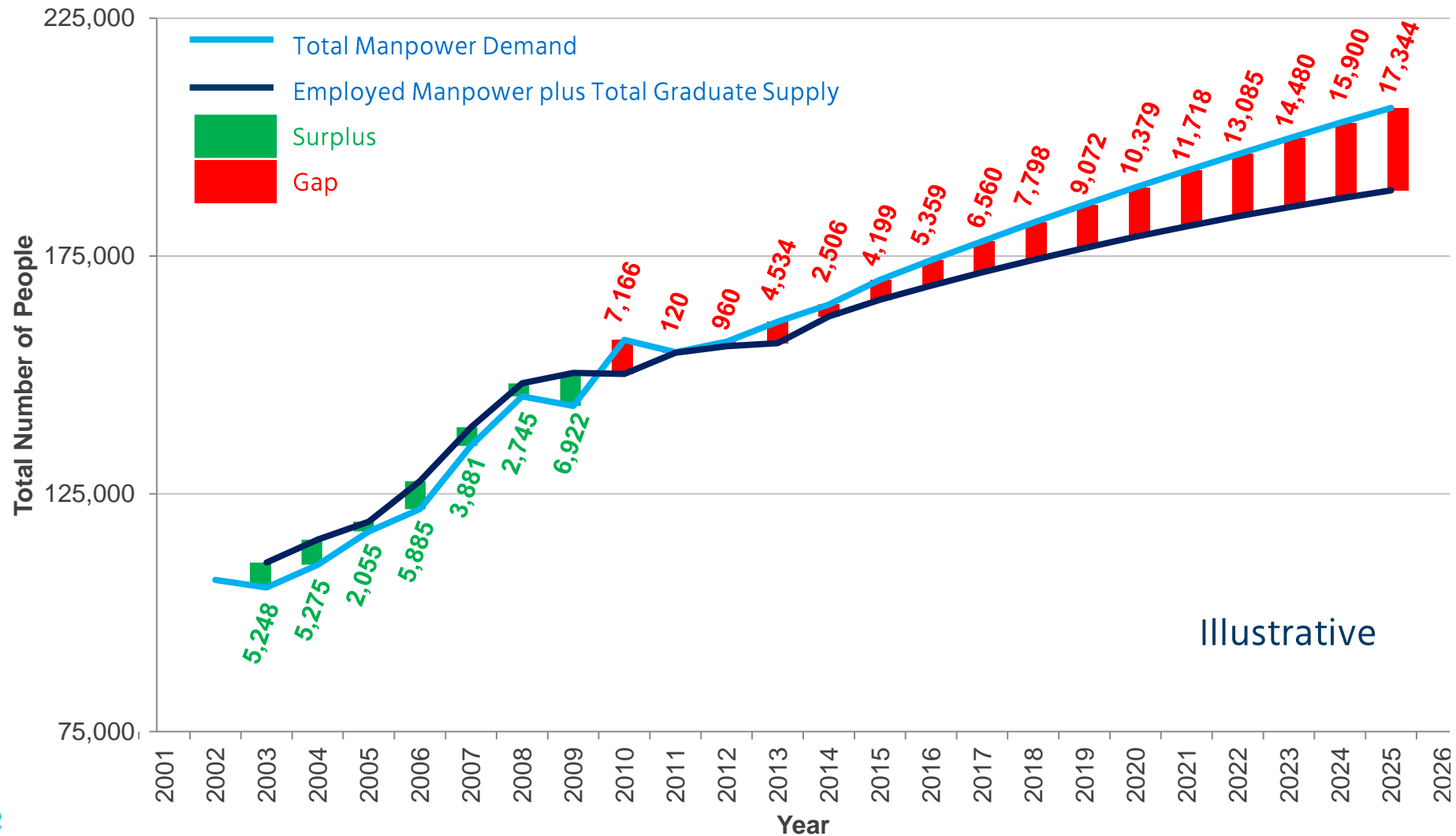
11

TALENT ANALYTICS

Matching Demand and Supply
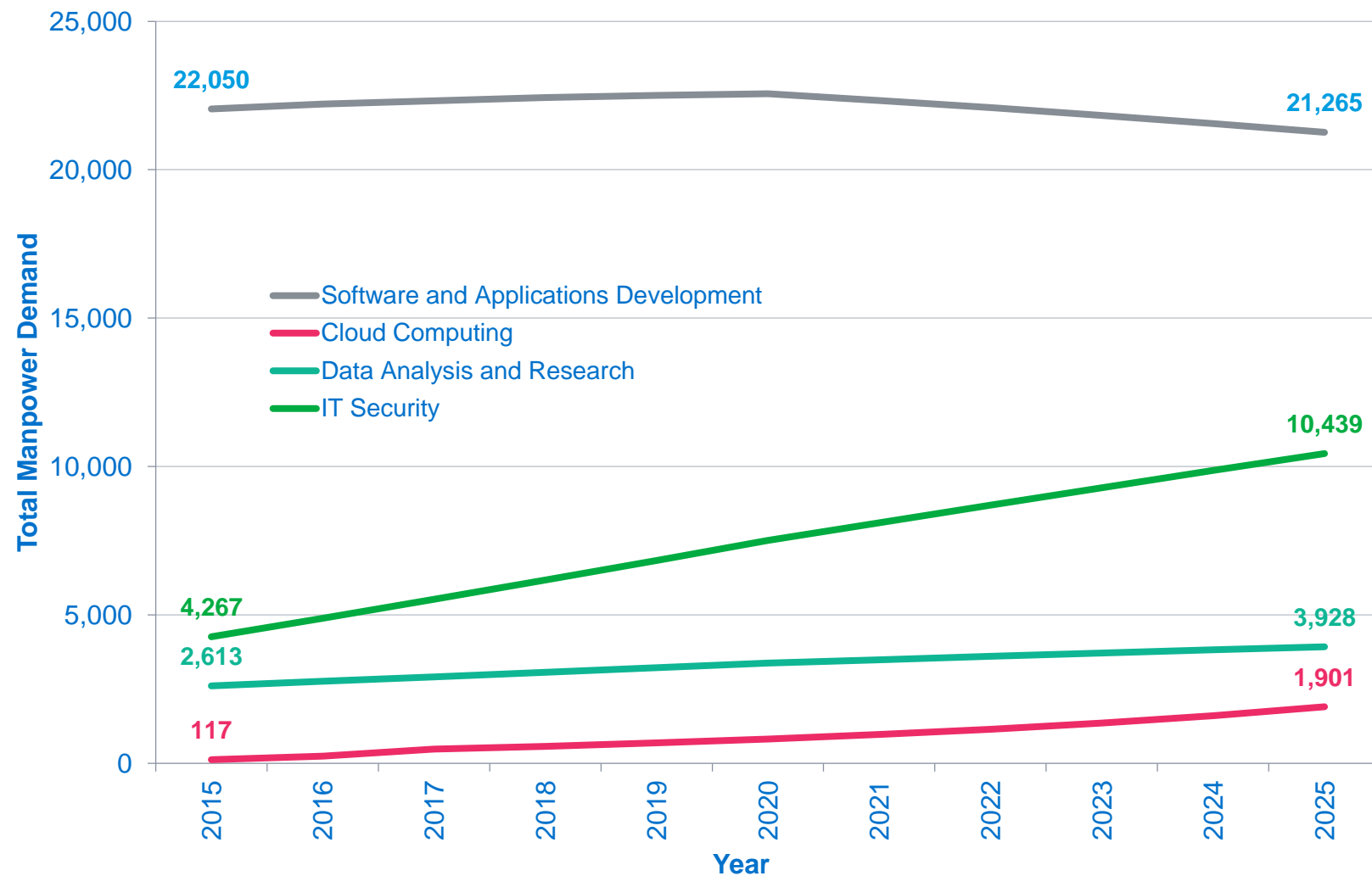
Strategic Workforce Planning: Matching talent demand-supply
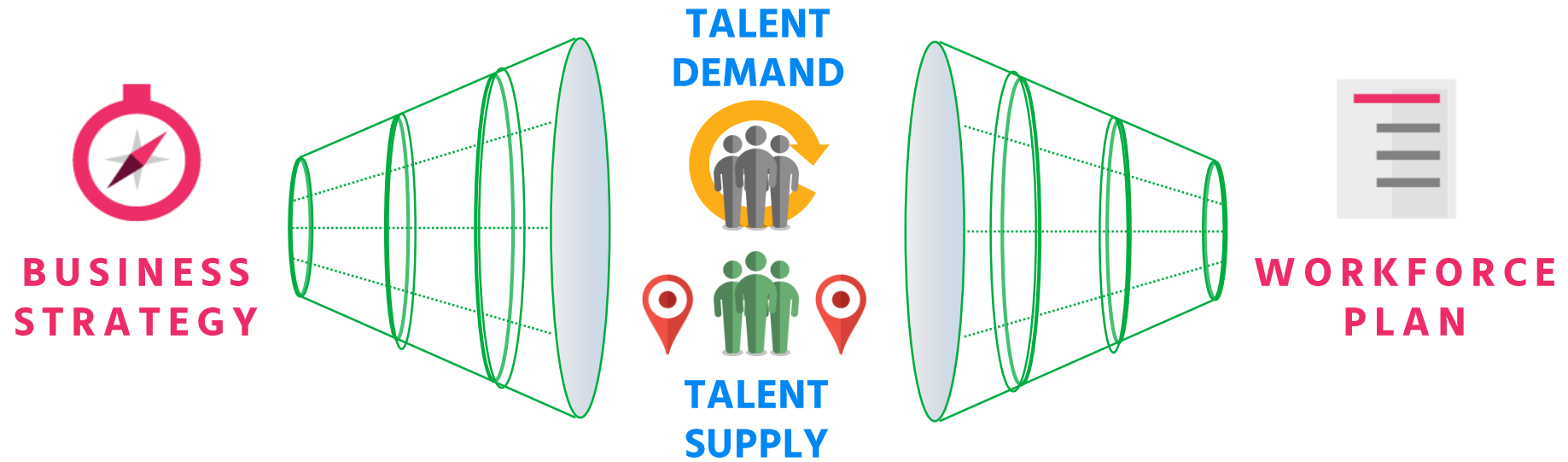
BUSINESS STRATEGY

TALENT DEMAND

TALENT SUPPLY

WORKFORCE PLAN

Matching talent demand-supply: Building a picture
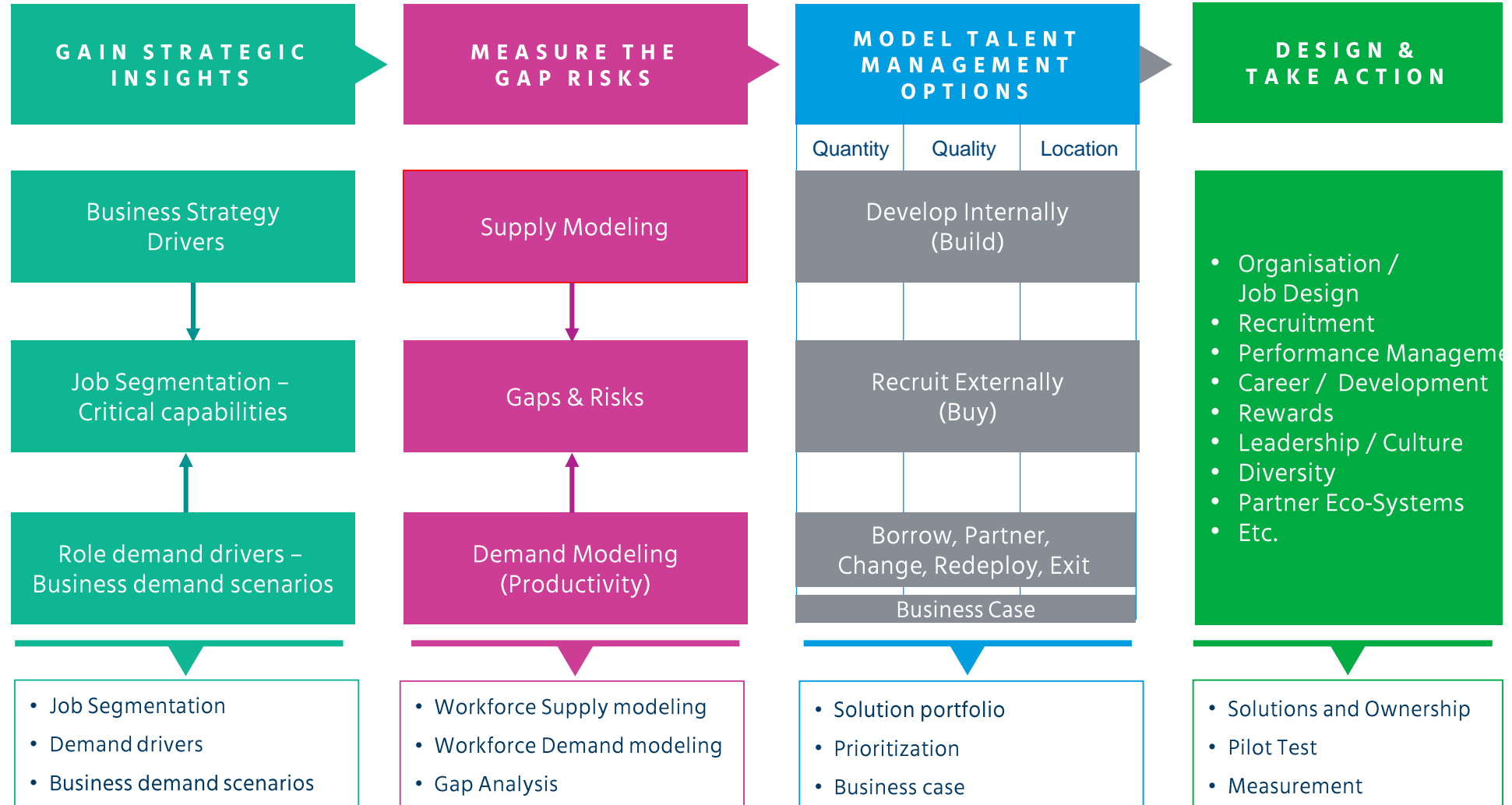

Illustrative

Matching talent demand-supply: Building a picture; sharper resolution!

Illustrative

Strategic Workforce Planning Process

GAIN STRATEGIC INSIGHTS	MEASURE THE GAP RISKS	MODEL TALENT MANAGEMENT OPTIONS	DESIGN & TAKE ACTION

MODEL TALENT MANAGEMENT OPTIONS

Quantity	Quality	Location

GAIN STRATEGIC INSIGHTS

Business Strategy Drivers

Job Segmentation – Critical capabilities

Role demand drivers – Business demand scenarios

- Job Segmentation
- Demand drivers
- Business demand scenarios

MEASURE THE GAP RISKS

Supply Modeling

Gaps & Risks

Demand Modeling (Productivity)

- Workforce Supply modeling
- Workforce Demand modeling
- Gap Analysis

MODEL TALENT MANAGEMENT OPTIONS

Develop Internally (Build)

Recruit Externally (Buy)

Borrow, Partner, Change, Redeploy, Exit

Business Case

- Solution portfolio
- Prioritization
- Business case

DESIGN & TAKE ACTION

- Organisation / Job Design
- Recruitment
- Performance Manageme[nt]
- Career / Development
- Rewards
- Leadership / Culture
- Diversity
- Partner Eco-Systems
- Etc.

- Solutions and Ownership
- Pilot Test
- Measurement

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Supply Modeling : Understanding your talent flow

ATTRACTION

- What's our rate of hiring?
- What are the most productive hiring pools?
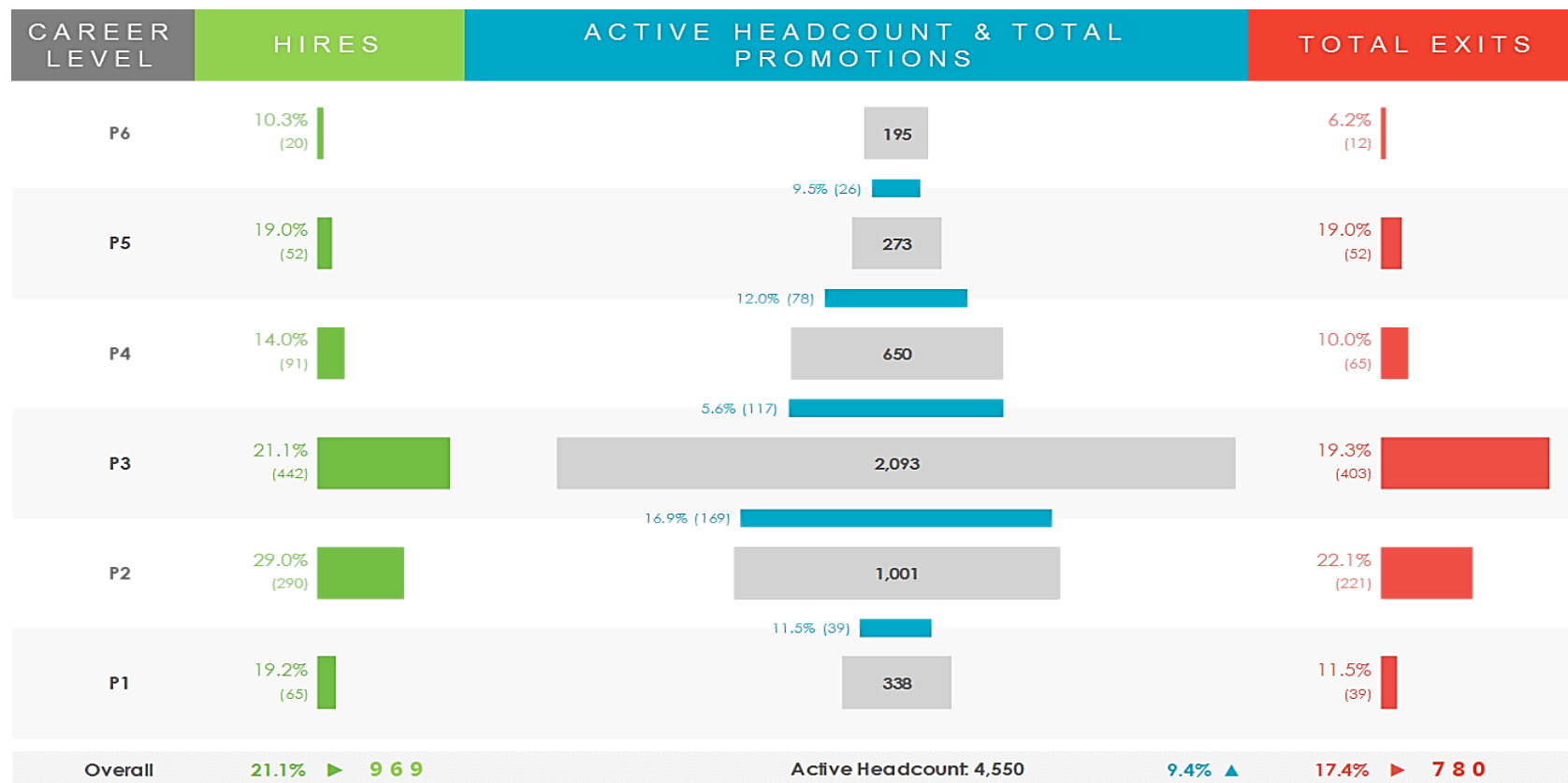- Who are the most productive hires?

DEVELOPMENT

- What's our rate of promotion?
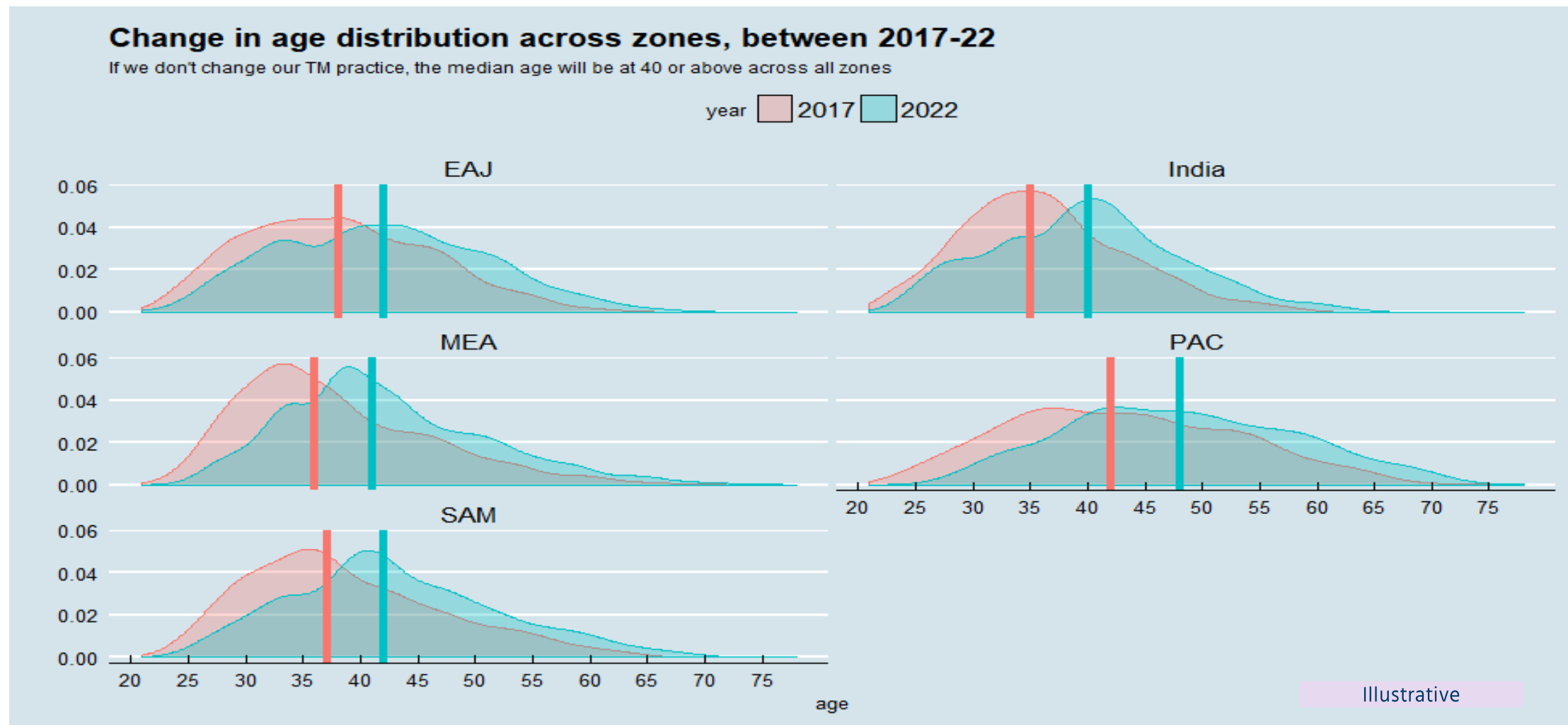- How can we promote better?

RETENTION

- What's our rate of retention?
- How can we improve retention?

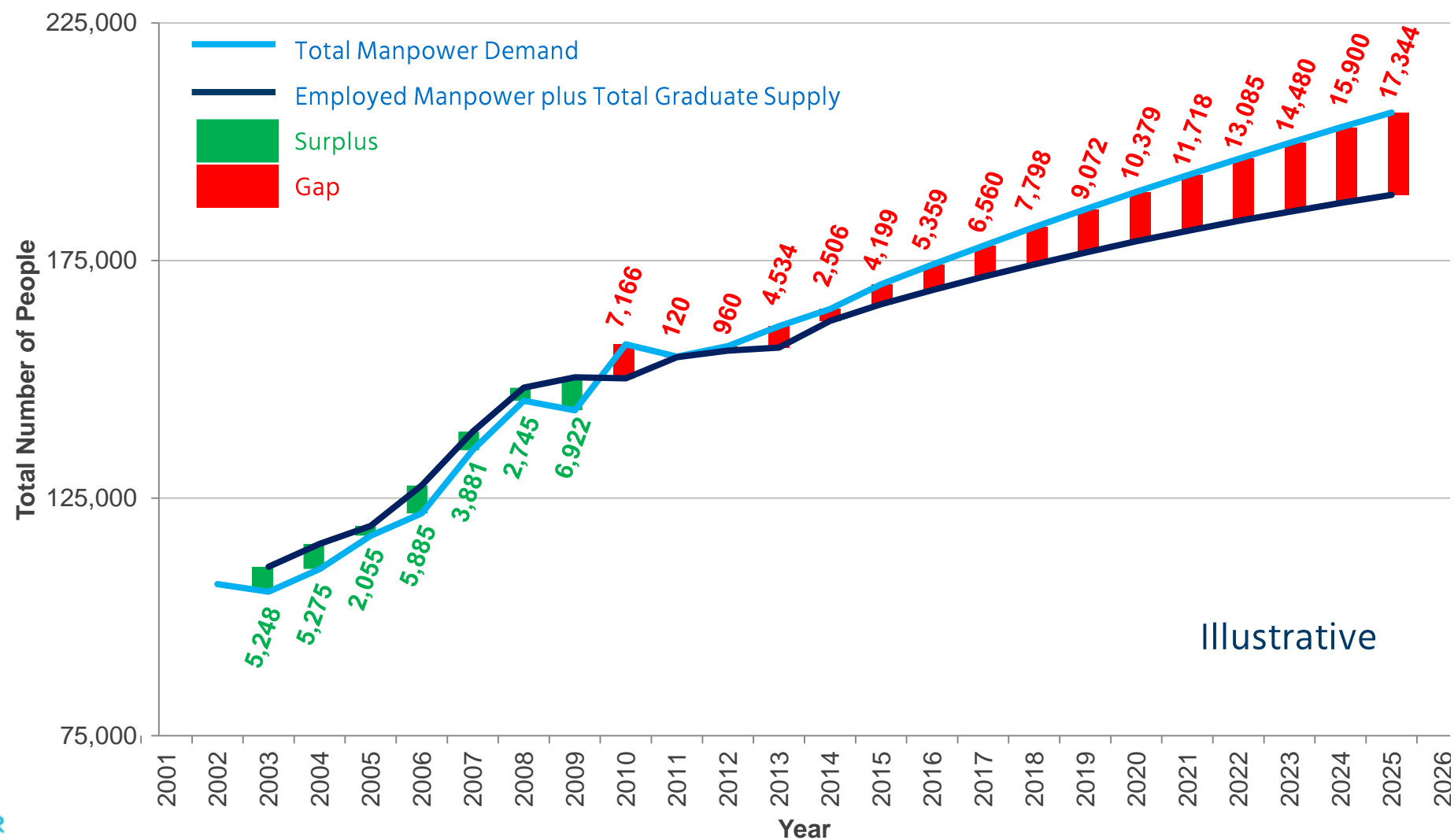| CAREER LEVEL	HIRES	ACTIVE HEADCOUNT & TOTAL PROMOTIONS	TOTAL EXITS
P6	10.3% (20)	195	6.2% (12)
		9.5% (26)	
P5	19.0% (52)	273	19.0% (52)
		12.0% (78)	
P4	14.0% (91)	650	10.0% (65)
		5.6% (117)	
P3	21.1% (442)	2,093	19.3% (403)
		16.9% (169)	
P2	29.0% (290)	1,001	22.1% (221)
		11.5% (39)	
P1	19.2% (65)	338	11.5% (39)
Overall	21.1% ▶ 9 6 9	Active Headcount: 4,550	9.4% ▲ 17.4% ▶ 7 8 0

Illustrative

- ACTIVE HEADCOUNT at each career level, where each career level represents a major point of career advancement within the organisation
- ENTRY into each career level from the outside (via hiring)
- UPWARD PROGRESSION AND MOVEMENTS within levels (via promotions and laterals)
- DEPARTURES from the organisation at each career level (via exits)

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Supply Modeling : Use talent flow assumptions to mock-up future scenarios

Change in age distribution across zones, between 2017-22

If we don't change our TM practice, the median age will be at 40 or above across all zones

Matching talent demand-supply: Building a picture

Illustrative

Myth or Truth?
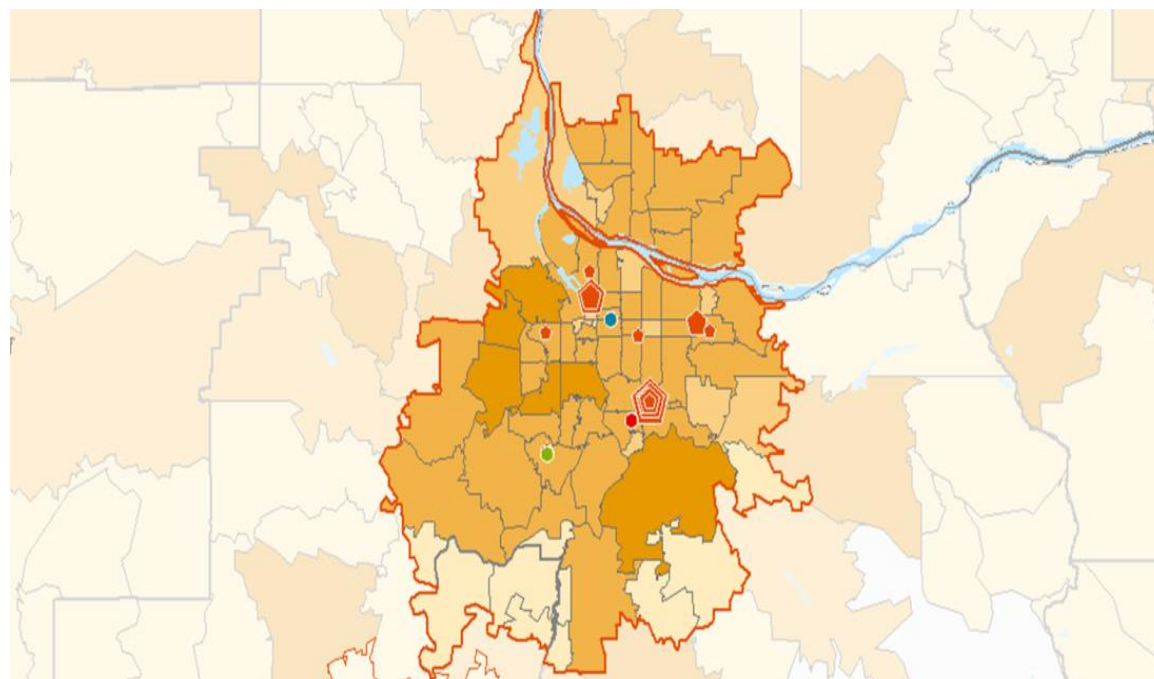
We don't have enough good data to do proper analytics

Myth

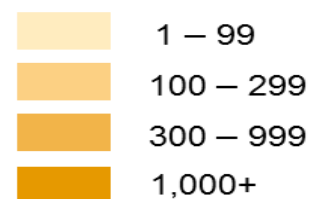# Supply modeling to improve "talent attraction" decisions

EXAMPLE 1

"Location 1 offers significant growth opportunities for our digital business. We need to aggressively hire cyber-security professionals".

Supply mapping suggest that Location 1 has the lowest density of target skills!"

2012 Number of Workers

	1 – 99
	100 – 299
	300 – 999
	1,000+

Labor Markets	Labor supply of cyber skills
Location 1	4,700
Location 2	37,200
Location 3	5,600

External-labour-maps (ELM), can provide strategic insight about talent supply density and allow for creative workforce solutions to drive business results.

The organisation may need to explore an off-shore or hybrid talent model to support the business aspirations.

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Supply modeling to improve "promotion" decisions

EXAMPLE 2

"We are a performance oriented company with a strong performance distribution discipline. Performance will be a major predictor of promotion"

The HRIS data suggested otherwise!"

Example Data to Collect

Example Data to Collect
Total Tenure in the company
Tenure in Grade
High potential status
Age
Gender
Last Performance Rating
Average Performance Rating in Grade
First Year Performance Rating in Grade
Total Number of Training Programmes
Education
Lateral Moves Made
Business Unit
Competencies Assessment
Supervisor high potential status
Supervisor Performance Rating
Supervisor Promotion Index
Supervisor Span of Control
Team Performance Rating

Analytics Modeling by Mercer

Predictive models such as Tree, GBM Boosted Tree, Random Forest, etc
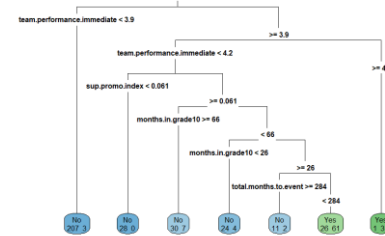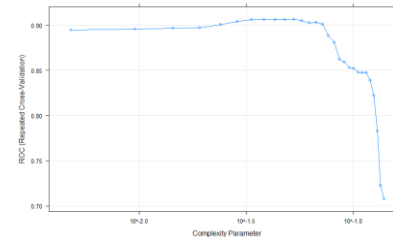
| Model Metric	Value
Accuracy	89.22%
95% CI	(84.5%, 92.9%)
No Information rate	75.43%
% "Not Promoted" correctly predicted	90.29%
% "Promoted" correctly predicted	85.96%

Insights to Key Performance Management Questions

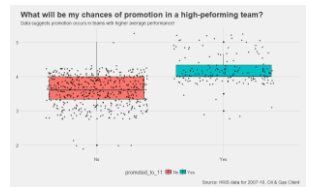What factors are most predictive of promotions in our organisation ?

- Promotions are higher in high-performing teams.
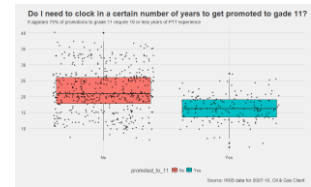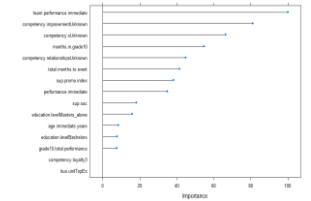
- Manager's promotion tendency is a big driver of promotion decisions.
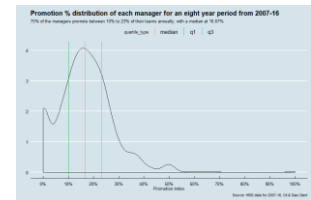
- Time in job is more important than performance, as a promotion driver.
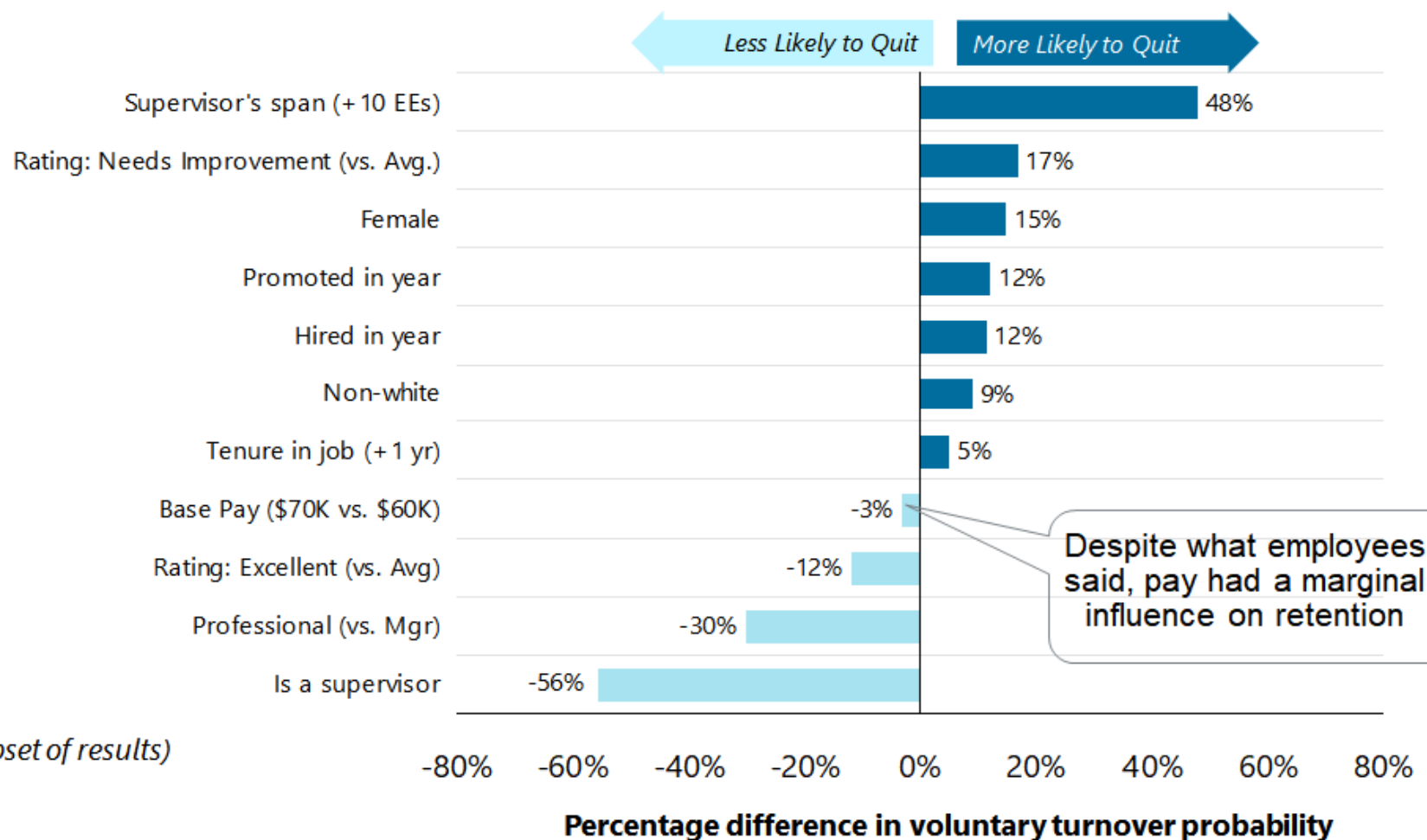
Supply modeling to improve "retention" decisions

"Our people primarily leave because competition offers better compensation"

Analytics suggested that prime drivers of attrition were –

1) ***diffused management focus in teams with high spans of control;***
2) ***poor on-boarding for new hires and those that were newly promoted!***

(subset of results)

Less Likely to Quit | More Likely to Quit

Supervisor's span (+ 10 EEs)	48%
Rating: Needs Improvement (vs. Avg.)	17%
Female	15%
Promoted in year	12%
Hired in year	12%
Non-white	9%
Tenure in job (+ 1 yr)	5%
Base Pay ($70K vs. $60K)	-3%
Rating: Excellent (vs. Avg)	-12%
Professional (vs. Mgr)	-30%
Is a supervisor	-56%

Despite what employees said, pay had a marginal influence on retention

-80%   -60%   -40%   -20%   0%   20%   40%   60%   80%

Percentage difference in voluntary turnover probability

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Supply Modeling : "Cheat-sheet"

- **Isolate the talent segments that are the most pivotal to the business strategy.**
  - ✓ *Remember: All roles are important, but some roles add more value to your strategy than others. Professionals are good at applying the 80/20 principle.*

- **Understand your talent flows and isolate choke-points.**
  - ✓ *Remember: Use the talent flow assumptions to generate future supply scenarios. Cut the data across skills, geographies, demographics and other variables that will influence your talent supply strategy.*

- **Use intuition *AND* data to design programs and policies, that can improve your talent flow outcomes (attraction, promotion and retention)**
  - ✓ *Remember: Professionals seek evidence to test their hypotheses. There is no shame if your intuition is disproved. But it's a shame to waste org resources on ides that were wrong.*

- **Iterate – Rinse – Repeat.**
  - ✓ *Remember: It's good to design evidence-based programs, it's even better to check if programs deliver the intended outcomes. Professionals understand the continuous nature of the design loop.*

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REFRESH HR FUNCTION

Resilient and Efficient in a Digital World
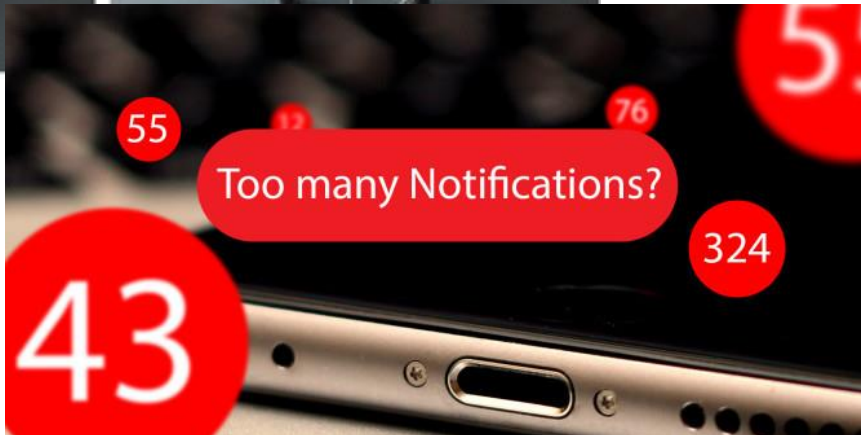
Myth or Truth?

Employee experience is the next magic bullet

Half True

Bad Design is Everywhere!

We developed Personas; Now What?

Critical Employee Persona

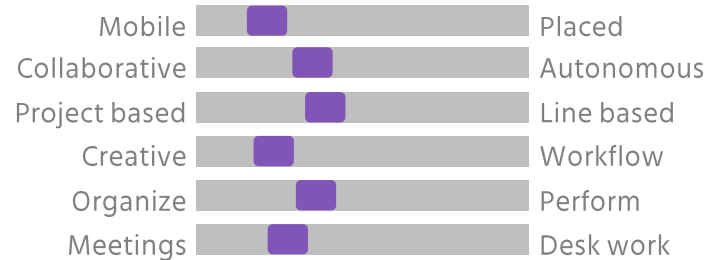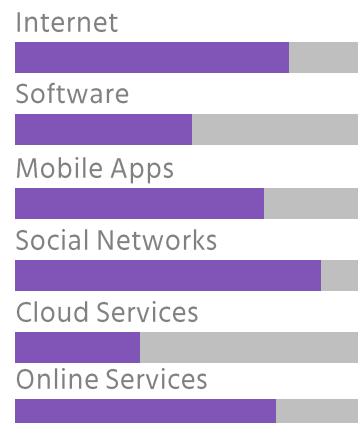|	
AGE	39
LOCATION	Vienna
EDUCATION	MBA
OCCUPATION	Head of Inflight Product
EXPERIENCE	11 years
DEPARTMENT	Group Product Development
WORK TIME	Full-Time
ARCHETYPE	The Experience Lady

BIO
Following her MBA, Sophia started as an employee in the marketing at BMW where she got insights to brand and heard a lot about customer desires. After working there for 6 years she is responsible for the overall product and experience of passengers on board.
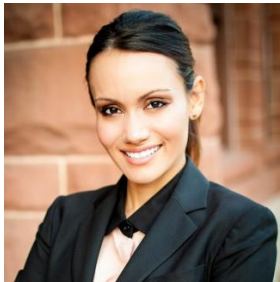
"The customer experience is what makes the difference and is the reason customers chose us."

WORK STYLE

Mobile	Placed
Collaborative	Autonomous
Project based	Line based
Creative	Workflow
Organize	Perform
Meetings	Desk work

PERSONALITY

Extroverted	Introverted
Sensing	Intuition
Thinking	Feeling
Judging	Perceiving

TECHNOLOGY USAGE

Internet

Software

Mobile Apps

Social Networks

Cloud Services

Online Services

TRAITS

Compassionate Light-hearted Snappy

HOBBIES

Read Travel Bike riding

MOTIVATION

#Intrinsic motivation
#Progress in career
#Great results plus fun at work

CHALLENGES / PAIN POINTS
- Connecting with her team across multiple locations
- Having multiple meeting to discuss work progress
- Working with multiple devices
- Working together with people in different locations

HIGHLIGHTS / GAIN POINTS
- Having exchange with the customers
- Applying agile methods
- Discussing problems by considering different perspectives
- Working for an international company with many resources
- Experiencing moments of flow

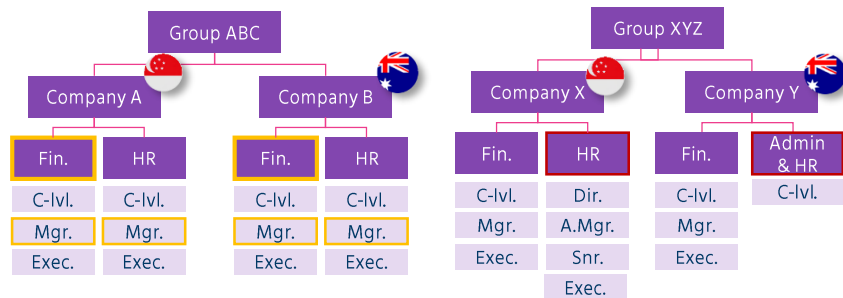# Designing Great Experience: How HR Can Help

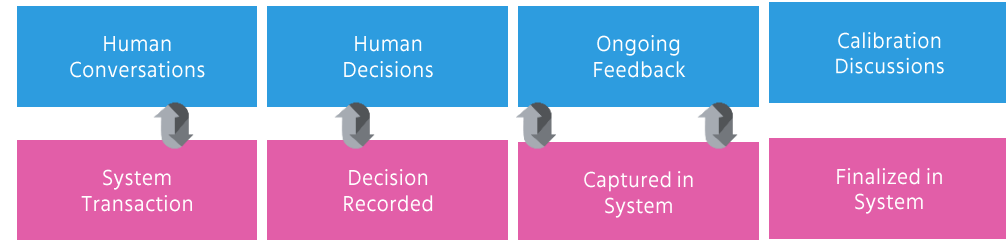## A Employee Experience First

Employee Experience Considerations	Product Feature Considerations

B Human Interaction in Process Design

Human Conversations	Human Decisions	Ongoing Feedback	Calibration Discussions
System Transaction	Decision Recorded	Captured in System	Finalized in System

C Harmonized Organization

Group ABC

Company A
- Fin.
  - C-lvl.
  - Mgr.
  - Exec.
- HR
  - C-lvl.
  - Mgr.
  - Exec.

Company B
- Fin.
  - C-lvl.
  - Mgr.
  - Exec.
- HR
  - C-lvl.
  - Mgr.
  - Exec.

Group XYZ

Company X
- Fin.
  - C-lvl.
  - Mgr.
  - Exec.
- HR
  - Dir.
  - A.Mgr.
  - Snr.
  - Exec.

Company Y
- Fin.
  - C-lvl.
  - Mgr.
  - Exec.
- Admin & HR
  - C-lvl.

D Holistic Business Case for HR

Employee	Manager	SSC/BPO	Finance/HR
Start — Initiate	Approve	Validate	Action — End
	Auto Approve?	RPA vs Human?	API?
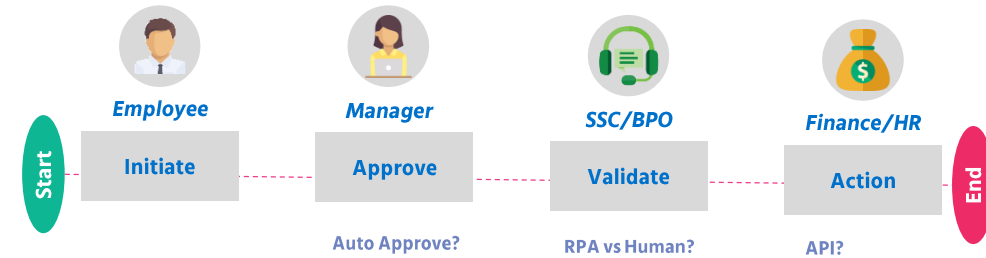
Why a Target Interaction Model (TIM) Is the Key to Unlocking Employee Experience. Download the white paper. Scan QR Code.

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Employee Experience First: Define the journey

1) PERSONA: WHO ARE WE SOLVING FOR

AGE	39
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TECHNOLOGY USAGE
- Internet
- Software
- Mobile Apps
- Social Networks
- Cloud Services
- Online Services

TRAITS
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- Light-hearted
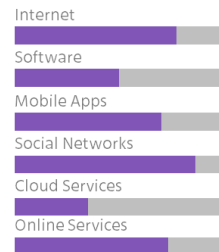- Snappy

HOBBIES
- Read
- Travel
- Bike riding

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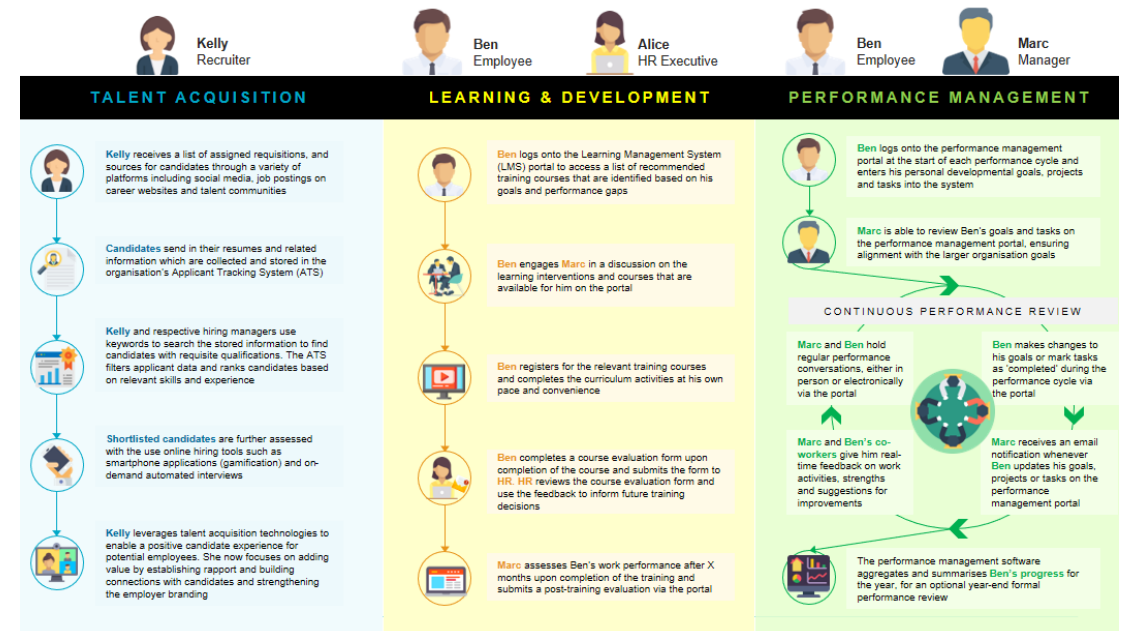"The customer experience is what makes the difference and is the reason customers chose us."

CHALLENGES / PAIN POINTS
- Connecting with her team across multiple locations
- Having multiple meeting to discuss work progress
- Working with multiple devices
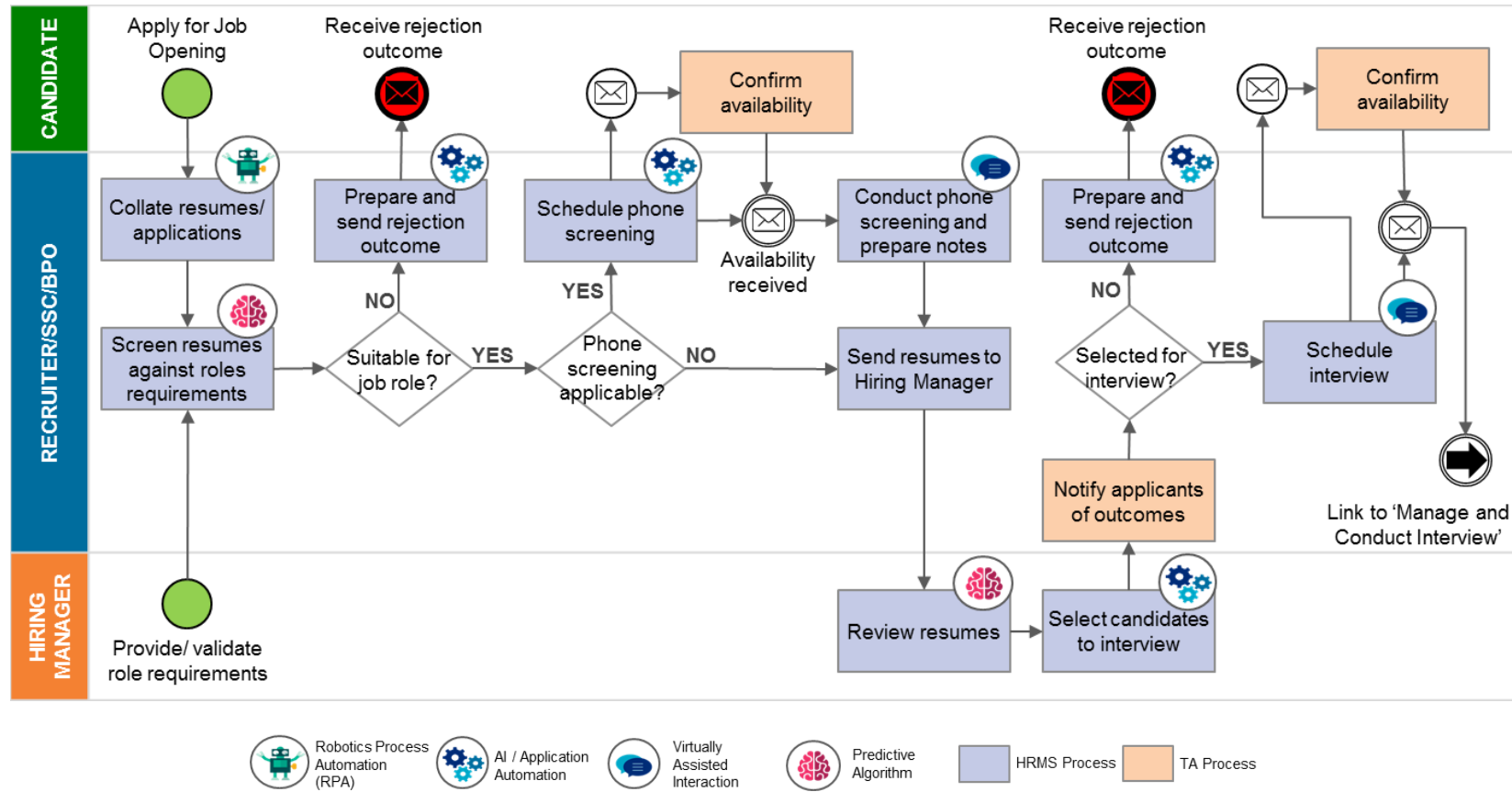- Working together with people in different locations

2) USER JOURNEY: WHAT SHOULD THEIR IDEAL EXPERIENCE BE

TALENT ACQUISITION — Kelly, Recruiter

- Kelly receives a list of assigned requisitions, and sources for candidates through a variety of platforms including social media, job postings on career websites and talent communities
- Candidates send in their resumes and related information which are collected and stored in the organisation's Applicant Tracking System (ATS)
- Kelly and respective hiring managers use keywords to search the stored information to find candidates with requisite qualifications. The ATS filters applicant data and ranks candidates based on relevant skills and experience
- Shortlisted candidates are further assessed with the use online hiring tools such as smartphone applications (gamification) and on-demand automated interviews
- Kelly leverages talent acquisition technologies to enable a positive candidate experience for potential employees. She now focuses on adding value by establishing rapport and building connections with candidates and strengthening the employer branding

LEARNING & DEVELOPMENT — Ben, Employee; Alice, HR Executive

- Ben logs onto the Learning Management System (LMS) portal to access a list of recommended training courses that are identified based on his goals and performance gaps
- Ben engages Marc in a discussion on the learning interventions and courses that are available for him on the portal
- Ben registers for the relevant training courses and completes the curriculum activities at his own pace and convenience
- Ben completes a course evaluation form upon completion of the course and submits the form to HR. HR reviews the course evaluation form and use the feedback to inform future training decisions
- Marc assesses Ben's work performance after X months upon completion of the training and submits a post-training evaluation via the portal

PERFORMANCE MANAGEMENT — Ben, Employee; Marc, Manager

- Ben logs onto the performance management portal at the start of each performance cycle and enters his personal developmental goals, projects and tasks into the system
- Marc is able to review Ben's goals and tasks on the performance management portal, ensuring alignment with the larger organisation goals

CONTINUOUS PERFORMANCE REVIEW

- Marc and Ben hold regular performance conversations, either in person or electronically via the portal
- Ben makes changes to his goals or mark tasks as 'completed' during the performance cycle via the portal
- Marc and Ben's co-workers give him real-time feedback on work activities, strengths and suggestions for improvements
- Marc receives an email notification whenever Ben updates his goals, projects or tasks on the performance management portal
- The performance management software aggregates and summarises Ben's progress for the year, for an optional year-end formal performance review

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Human Interaction: What's the role for technology?

3) PROCESS DESIGN: WHO DOES WHAT, WHEN AND HOW

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4) BUSINESS CASE: OVERALL COSTS AND BENEFITS, IMPLICATIONS OF DESIGN DECISIONS

SCENARIO 1
Cloud HR, No Work Reallocation
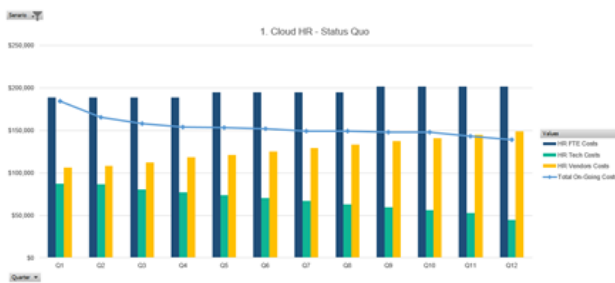
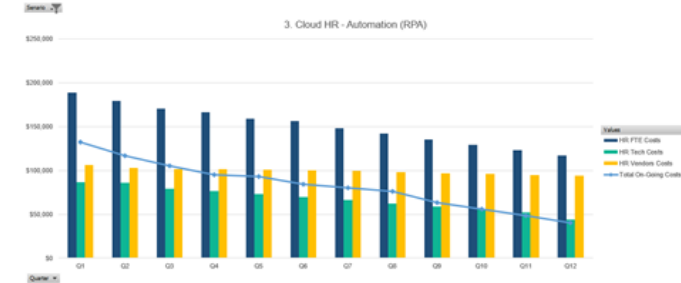- FTE Costs ➡
- Technology Costs ⬇
- Vendor Costs ➡

SCENARIO 2
Cloud HR + Work Reallocation (Insource)

- FTE Costs ⬆
- Technology Costs ⬇
- Vendor Costs ⬇

SCENARIO 3
Cloud HR + Reallocation + Automation

- FTE Costs ➡
- Technology Costs ⬇
- Vendor Costs ⬇

Where do you begin: Prioritize, Plan, Design

BUSINESS VALUE & EFFECTIVENESS

Measure the business impact of HR function

1) **ESTABLISH PRIORITIES**

2) **REFRESH YOUR PLAN**

3) **HUMAN CENTERD DESIGN**

TIME AND COST ALLOCATION

Measure the efficiency of HR function

Mercer HR Transformation Check

- Evaluate the time and cost efficiency of specific HR activities and processes.

- Diagnose the effectiveness and value of HR process to internal customers; identify high-priority opportunities for improvement.

- Identify cost feasibility and impact of HR delivery changes: outsourcing/co-sourcing, consolidation, and/or moving to a shared services environment.
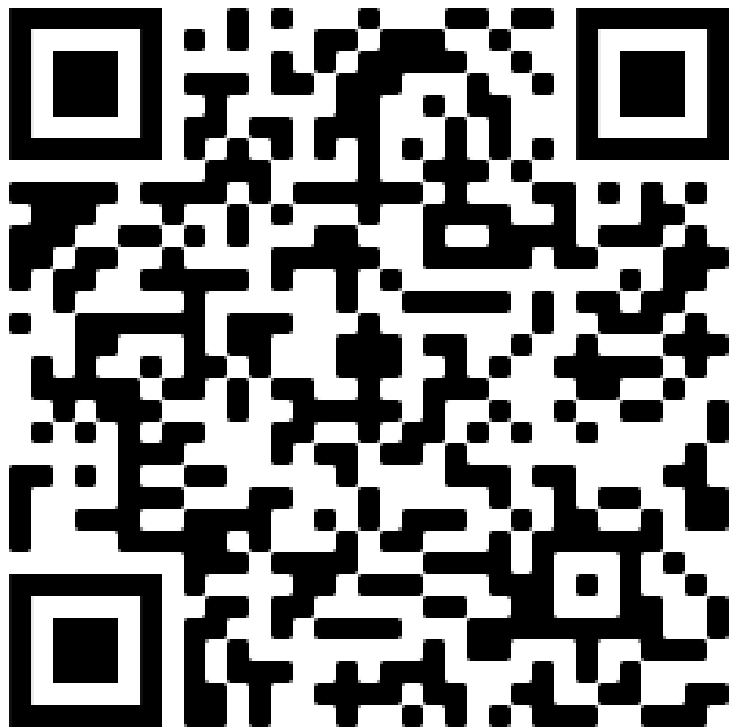
What Do You Think? Let's Talk.

- Let us know what you think about the topics discussed today
- Scan the QR code below or follow **https://bit.ly/Mercer1106**

My concerns around new ways of working for the new normal have been answered

○ Agree
○ Neither agree nor disagree
○ Disagree

Given what you heard today, how capable is your organization in solving for these topics?

	1 = Fully Capable	2 = Partially Capable	3 = Need Help
Employee Experience Design	○	○	○
Flexible Working	○	○	○
Talent Sharing	○	○	○
Business Case	○	○	○
Workforce Planning	○	○	○
Digitization and Automation	○	○	○

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