

The importance of Workforce Transformation in a COVID-19 world

A KPMG viewpoint

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For most of us, COVID-19 is the biggest challenge of our lifetime

The profound impact it has had and will have on individuals, organisations, society and the economy cannot be underestimated. The current effect of COVID-19 on the workforce is unprecedented – in the UK, all employees not deemed critical are working remotely, with around half of companies planning to furlough some employees¹. Transport for London have revealed passenger numbers on the Underground have dropped dramatically by 95%²; 20,000 former NHS staff have returned to the frontline to combat this national emergency; and an additional 750,000 members of the public are volunteering to aid our health service. COVID-19 has accelerated digital transformation across every industry as firms invest heavily in remote working capabilities ensuring employees can work from home productively. With up to 30%³ of staff estimated to remain home-based post-crisis, questions are being raised around whether the £106bn HS2 price tag for Britain’s future High Speed rail link, can be justified or if this money could be better invested in 5G and other high speed digital networks⁴.

In the short-term, organisations and employees face large periods of uncertainty driven by fast moving changes in customer demand and organisations have already begun to significantly adapt their workforce to flex to a COVID-19 environment.

In the longer term, we expect a fundamental impact on Workforce Transformation. In our experience, not many organisations have embraced the fundamentals of the Fourth Industrial Revolution (see [Workforce Transformation in a disrupted world](#)) and developed an effective approach to holistic workforce management. Those that have, are stealing a march on their competitors and are able to move more quickly to effective remote working and rebalancing of teams to meet changing customer demand. The importance of developing the employee experience as to enable the customer experience is accelerated now and remains a vital part of workforce transformation.

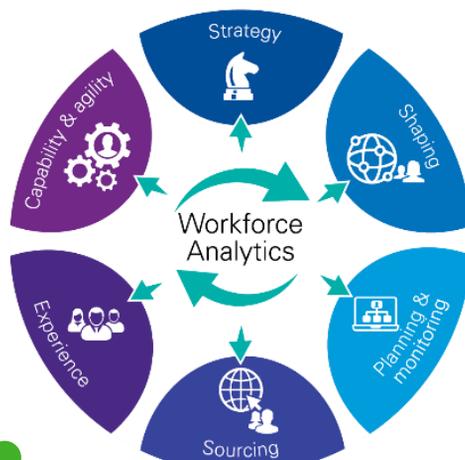
Our Workforce Transformation framework helps organisations respond to macro changes in the external environment and understand the resulting workforce implications. It looks across the core components: Workforce Strategy, Shaping, Planning & Monitoring, Sourcing, Employee Experience, Capability & Agility and underpinning Workforce Analytics to ensure the workforce is in line with the business objectives.

This holistic approach to workforce management results in balanced and effective outcomes which consider the effect of decisions in one element against the impact on others. Some organisations are taking dramatic decisions in one area, e.g. laying people off, without necessarily considering future needs or the impact on the remaining organisational culture and employee experience.

We are quickly starting to see the impacts of COVID-19 on the Workforce Shaping and Employee Experience elements of the Workforce Transformation framework in the medium-term but long-term impacts will reach across all elements.

In setting your organisation up to survive in the short term and thrive in the post COVID-19 world, it is key to:

- 1 Ensure you have the right skills, at the right time, in the right place to constantly adapt to uncertain external trends, agile operating models and rapidly changing customer demands;
- 2 Lead people authentically and with compassion to reset your employee experience that thrives in a digital and remote workplace.



1. Financial Times, Half of UK companies seek to furlough staff over coronavirus, 2020
2. Transport for London, 2020

3. Global Workplace Analytics- Work at home after COVID-19- Our Forecast, 2020
4. BBC/AA, Coronavirus will transform UK work and travel, 2020

1. Ensure you have the right skills, at the right time, in the right place to constantly adapt to uncertain external trends, agile operating models and rapidly changing customer demands

To respond to the impact of COVID-19, many organisations have had to rapidly review, redeploy or furlough much of their workforce. The other extreme has been recruitment at large scale, all whilst revenue in most industries is falling sharply. This has already had a fundamental impact on the strategy, structure and shape of the workforce across organisations and industries.

Pre-COVID-19, it was largely a candidate-driven market where individuals with in-demand skills had the power to choose their employer. As and when we emerge in to a post-COVID-19 world, the market trend may reverse and we could see a shift in power from individuals to organisations. Many firms will need to rapidly pivot the workforce to deliver new things: quickly change skillsets and capability areas; source through new and different channels; and remobilise people and capabilities across business lines.

Key insights & considerations for Workforce Shaping:

Know your workforce and have a plan:

Building workforce planning capability needs to become core to what you do as a business.

The capability to scenario plan, recruit and reforecast your workforce on an ongoing basis is key to survive in the unknown.

Having controls and a strong grip on your workforce skills size and resourcing mix makes it much easier to have a data led approach to hard choices including where to dial up and who to dial down in these tough circumstances.

Make re-skilling and internal mobility second nature:

In the current war for talent, there has been a shift to organisations developing, re-skilling and re-deploying their workforce rather than recruiting.

We have seen this gather incredible pace and it was shown that this is both possible, and critical for businesses to succeed. Examples include supermarkets, which have successfully redeployed and reskilled head office staff to cope with the demand that panic buying has caused and airline staff who have been redeployed and reskilled to work in hospitals.

The importance of re-skilling, combined with remote working, pushes greater emphasis on virtual training. In the future, successful organisations will need to possess enabling tools to re-skill how they operate, supported by a broader lens on their sourcing strategy, so that they can think more creatively about how to access the skills that they need.

Considering how people can transition between sectors as skills requirements evolve and change will become a normal process.

Re-think the optimal Workforce Mix:

For years, the external workforce has been rising.

Some sources are expecting organisations to be made up of over 60% external employees by 2022 - 2025⁵.

However, the COVID-19 experience will have an impact particularly on some contractors and entrepreneurs facing financial difficulty without permanent employee protection.

Tax and employment law will further inform these decisions.

Prepare for a post COVID-19 world with an inject of critical new capability:

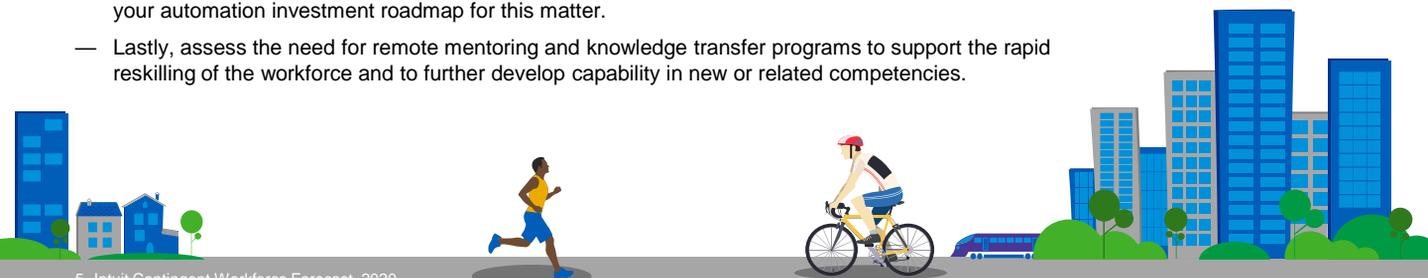
Many organisations will have to review the shape and structure of their teams, filling critical gaps or new emerging roles as a result of the crisis.

We are seeing trends around an increase in roles dedicated to business resilience, a greater emphasis on the Working Environment (which includes an increased focus on skills to enable virtual working) as well as roles emerging in the Digital Workforce Place and Cyber security.

Understanding where the critical role gaps are and planning how to fill them now will be an important part of emerging successfully post COVID-19.

Actions to prepare your organisation over the next 6 months:

- List out your critical skills of the current and pre-COVID-19 workforce and map current resource availability.
- Plan for when the curve flattens and for an orderly return to work. Consider who remains remote, who goes back to the office and in what order.
- Re-write your recruiting strategy by deciding who can and should be hired in remote locations to give you best talent and resilience. Plan for how you scale for variability reflecting on the optimum mix if of employees, contractors and consultants.
- Decide which technologies you can use to immediately replace on-site tasks. Even consider re-prioritising your automation investment roadmap for this matter.
- Lastly, assess the need for remote mentoring and knowledge transfer programs to support the rapid reskilling of the workforce and to further develop capability in new or related competencies.



5. Intuit Contingent Workforce Forecast, 2020

2. Lead people authentically and with compassion in order to reset your employee experience that thrives in a digital and remote workplace

In a short space of time, companies all over the world have achieved high volumes of remote working - something that in 'normal' circumstances would have needed months of planning to implement. We now need to learn how to thrive in a digital workplace, we simply have no choice. New tools, rules and norms will need to be established as this new way of working is here to stay. Anecdotally, Gen Z's believe that that the rest of the world is finally being forced into a way of working that they have long considered completely normal.

Similarly, this 'large scale remote working experiment' has a direct impact on the importance organisations put on real estate and the need for global travel. Organisations will ask themselves if they really need office space in the most expensive and exclusive locations of the world and if flying business class is still needed? Those significant cost savings could be used to invest elsewhere such as providing their workforce with the latest and greatest technology platforms and collaboration tools (phones, laptops etc.) as well as an allocated budget for shared office space when there really is a need for a face to face meeting.

The numerous expected changes have a knock on effect on employee experience, requiring organisations to act now to address the many areas of employees' working life which will be impacted.

Key insights & considerations for Employee Experience:

Don't lose the human connection

Focus (even more) on the wellbeing of your employees

Learn how to build relationships virtually...

Review your performance management process (again)

Respond to the needs of your multi-generational workforce

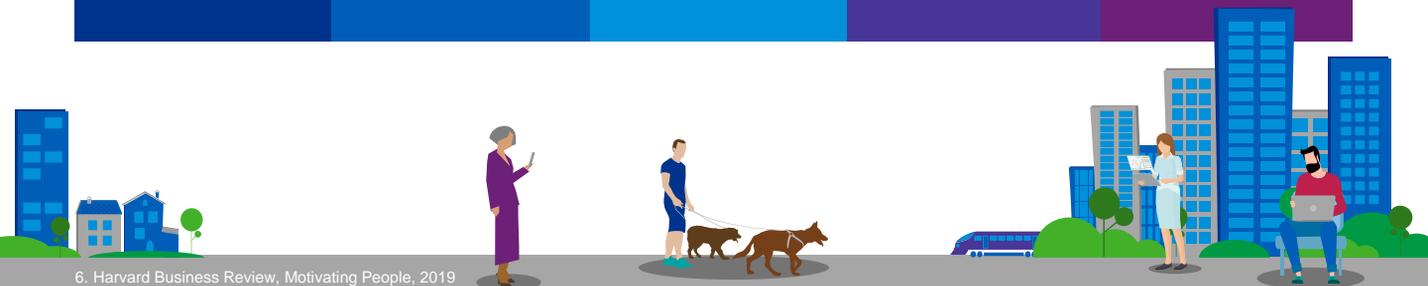
As humans we have a strong urge to belong.
A study found that 39%⁶ of respondents feel the greatest sense of belonging when their colleagues check in with them, both personally and professionally.
Equip your workforce with the knowledge and skills to minimise potential feelings of isolation from co-workers.
Support your teams (virtual and office based) in creating a feeling of unity by establishing new norms.

The physical and mental wellbeing of your staff has never been more in the spotlight.
Implement a structured plan to promote wellbeing amongst your workforce.
Make a conscious effort to counteract 24/7 hyper connectivity by establishing clear boundaries around private and work lives amongst your workforce then continue to embed wellbeing into all plans and policies.
Support your employees to lead healthy & fulfilling lives, both inside and outside of work.

... and teach your colleagues.
Find a way that works for your teams to stay connected, motivated and engaged in an environment where building relationships with customers and other global colleagues is perhaps the biggest challenge.
Inculcating a clear mission, sharing information transparently and recognising team and individual accomplishments, all virtually, will remain important.

Frequent opportunities to discuss performance and feedback and putting a great emphasis on talent development have been at the centre of many updated Performance Management approaches.
Now, it is time to further adapt in line with our new ways of working. Share guidance for managers to evaluate performance in an environment that requires great trust and employee empowerment.
Support your employees in the transition.

Millennials have introduced dynamic working.
Gen Z will be demanding bespoke agile working environments, tailored workforce contracts and ways of working.
We have suddenly come a lot closer to their desired ways of working, therefore managers need to be upskilled to be able to respond to the needs of this complex workforce, putting an increased focus on their leadership and softer skills.



6. Harvard Business Review, Motivating People, 2019

Whilst many of the points have long been on the HR agenda, their importance has been accelerated due to this crisis. They need to be addressed fast as they directly impact on the organisation's survival in the short term, how they return to the 'new normal' and their long term success. In fact, companies now have the opportunity to reassess everything they do, embracing concepts such as agile operating models and design thinking principles, to evaluate their processes and break down the great complexities that have been created by multiple tactical decisions and projects. Now is the time to redefine employee experience and eradicate all non-value adding processes. This will allow for HR to finally leave its administrative past behind, transforming into an agile set of experts that are central to the company's strategic success.

A crisis like COVID-19 is changing employee expectations – not only for leaders but for organisations as a whole – as the quarantine period provides time for self-reflection such as: Am I happy in this role? Am I fulfilled in my career? And most importantly, why am I here? Questions like these will make many team members reassess their purpose within the organisation. Effective organisations will be aware of this important cultural shift and offer growth opportunities for personal career development to keep answering the question of purpose.

And of course **authentic leadership is a critical element** of Employee Experience in uncertain times:

COVID-19 has brought about an enormous sense of uncertainty for most people. In the workplace, team members are looking up to leadership to **make sense of what is happening** and what it means for their **job security**, livelihoods and their families; forcing leaders to step up into being **open and honest**. The last few months have demonstrated remarkable examples of authentic leadership by leaders such as the CEO from Marriott showing **genuine emotion** and **shared sacrifice** when delivering bad news.

Examples such as these set the bar for effective leadership not only during times of crisis but for the future yet to come:

- **authenticity**;
- **compassion**; and
- **empathy**

will be the new measures upon which colleagues will set their **expectations for leadership** against.

In the immediate term employees will be looking for their leaders to be flexible, **open to changes** in work patterns, **empathetic to personal situations** and to **really listen**. However, leaders who want to be effective and respected in the long run need to respond to the emerging movement of employees who are looking for more meaning, happiness and connectedness at work. As a leader, **sharing your values** with your team in times of uncertainty can provide the team with a sense of security because they know what is important to you. Creating the psychological safety by **showing up authentically** and vulnerably allows your colleagues to do the same. **Open and honest communication** – even around difficult topics - during these times is crucial. **Following up your words** with actions that are aligned will build trust, not only in the immediate term but also for the future.

Coming out of this crisis our workforce will be looking for employers who have their backs, **whom they can trust** to lead them through difficult times authentically as and when they arise again; and who will be providing a **sense of purpose** throughout and after. This could be the greatest chance yet to attract and retain the best talent by creating a sense of **belonging and loyalty**, even amongst our restless workforce.

Now is the time to ponder over questions such as:

- What do you want your shared vision for the future of the organisation to be?
- What will be your culture post COVID-19?
- And what will be your organisational values?

If you would like further information on any Workforce Transformation topics, please look at the KPMG 'Workforce Transformation in a Disrupted World' Brochure, or get in touch with Mel.Newton@kpmg.co.uk



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