

Global Crisis: Human Capital Road Map

Responding to the COVID-19 pandemic **Managing Through the Crisis (Stage 1)**

Overview

The COVID-19 pandemic has fundamentally changed the ability for people to work normally, companies to operate effectively, and markets to function efficiently. The pandemic has demonstrated the material value of the health and contributions of people to a company's business success. While companies in different geographies are impacted at different times and industries in different ways, a set of common characteristics and effective responses has emerged. We present leadership actions that can be taken now to adapt to the current reality and protect, preserve and create human capital value.

Guiding Principles

1. Understand this as a **defining leadership moment** — to continue delivering the best possible outcomes for all stakeholders; staying true to your purpose, values, principles and culture, and embrace new ways of working
2. Adopt an **agile and continuous learning mindset** – harness innovation and creativity that arises during difficult times
3. **Involve and engage all stakeholders in decision making** (e.g., shareholders, employees, customers, supply chain partners, unions/works councils, healthcare providers, community)
4. Focus on the **intersection of employee and company wellbeing**
5. **Balance immediate needs** with the **ability to rebound** and **remain viable long-term**

Key Stages of Action

There are three phases of action for organizations and their leaders:



Managing through the crisis

React – Adapt

The following areas of action are prevalent among companies at the outset of their country/industry exposure to the pandemic, and generally involve leadership through protecting workers and their families, executing business continuity plans, and creating connections.

Health	<ul style="list-style-type: none"> ▪ Protect employees in the workplace by encouraging remote work, asking those with or at risk of COVID-19 to stay home, adhering to/promoting physical (often called “social”) distancing guidelines and hygiene ▪ Protect workers and families through adequacy and continuity of key benefits (e.g., medical)
Wellbeing	<ul style="list-style-type: none"> ▪ Provide sick and quarantine leave, pay continuation, flexible policies (e.g., bereavement, parental), and be sure that plan design and administration are adapted to address realities of the pandemic ▪ Foster social connection and community among employees using most-current technologies
Work	<ul style="list-style-type: none"> ▪ Articulate and adopt business continuity plans (mitigate/minimize risk to and from human capital) ▪ Enable remote work for all possible workers (include training to employees and managers who are new to working/managing remotely, and required technology, connectivity tools, support, and resources) ▪ Scale up/down workforce with balance between immediate and long-term impact
Culture	<ul style="list-style-type: none"> ▪ Lead away from panic towards calm, with “people first, business second” leadership messaging, and transparency, empathy, trust, dignity, and support; combine with push towards flexibility; focus on commitment to purpose, values, and principles; align decisions and priorities with culture ▪ Remove distractions; ensure real-time, transparent and regular communication with employees

The following areas of leadership action are prevalent amongst companies in the ongoing “**Sustaining**” cycle of the “Managing Through the Immediate Crisis” stage.

Additional details on the three key stages of action are detailed in our COVID-19 Human Capital Guidebook and supported by consultant discussions.

<p>Health</p> 	<ul style="list-style-type: none"> Review adequacy of health coverage, protection, and exclusions; establish temporary reserves to support with claims management including temporary claims reimbursement Review and partner with vendors to promote access to care via telemedicine, EAPs, and easing restrictions on prescription refills Provide support to at-risk populations (e.g., those with chronic conditions, during maternity) Support employee access to available government programs
<p>Wellbeing</p> 	<ul style="list-style-type: none"> Review and promote programs and resources to support physical, financial, emotional and social wellbeing, including social connectedness and emotional resilience during physical distancing (often referred to as social distancing) Support financial wellbeing by helping impacted employees balance short- and long-term financial priorities (e.g., balancing savings plan, healthcare, and time off needs)
<p>Work</p> 	<ul style="list-style-type: none"> Redesign work (and reinvent jobs) and segment the workforce to create a sustainable operating model and cost structure Further scale up/down workforce: Consider range of voluntary and/or mandatory furloughs, leave, part-time programs, layoffs, and hiring to balance short-term and long-term talent needs Incorporate contingent labor/gig talent while optimizing the role of automation Increase employability through e-learning for reskilling/upskilling during downtime/furloughs
<p>Pay</p> 	<ul style="list-style-type: none"> Use variable pay reduction as a funding mechanism to protect key elements of total rewards (e.g., base salary and health benefit continuation) including for those on furloughs and shutdowns Reset pay levels and design: review salary increase budgets, as well as voluntary and/or mandatory pay reduction and/or deferral, and incentive pay; redesign pay for redesigned jobs Develop a retention program for critical talent, as well as special award programs for essential workers, and/or premium for those who need to come into work and risk getting infected Review short-term and long-term incentive design (including sales), goal setting, and funding Consider board/executive cash retainer/salary reductions, deferrals, and/or conversion into equity Engage proactively and effectively with shareholders, proxy advisors, employees and public (reporting frameworks to monitor and track key human capital measures, e.g., employee health)
<p>Retirement</p> 	<ul style="list-style-type: none"> Coordinate with plan governance stakeholders (e.g., trustees, fiduciaries) on response; ensure alignment on global objectives and governance during pandemic; address gaps Review provisions related to time off, leave, reduced hours, and effect of workforce changes Address impacts of new legislation, consider plan design changes, provide member communications and support financial wellbeing Assess potential effect on financial measures and funding requirements; reallocate resources and execute near-term actions to meet financial objectives
<p>Employee experience and communication</p> 	<ul style="list-style-type: none"> Keep employees connected, informed and feeling supported through regular and transparent communications (e.g., business outlook and strategy, information and education, accessing resources) including to promote awareness and understanding of virus-related benefits Be active with employee listening; survey employees frequently, with timely questions; share feedback and action plans; use employee input to direct support efforts, inform strategy and measure engagement Use technology that enables personalized communications to employees, based on geography, role and other demographics, addressing specific needs and concerns
<p>Culture</p> 	<ul style="list-style-type: none"> Focus on healthy company mindset, including agility, dignity, psychological safety, inclusion, wellbeing, physical safety, and innovation –supported by leader and manager behaviors Retain focus on and promote purpose, values, and principles

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