

# Global Crisis: Human Capital Road Map

## Responding to the COVID-19 pandemic: Restoring Stability (Stage 2)

### Our Point of View

The COVID-19 pandemic underscores the **material value** of the health and contributions *of people to business success*. Responding to and recovering from the crisis is just the start. True leadership will be defined by the actions we take to protect, preserve and sustain that human capital value.

This means revising operations, programs and policies. Begin by taking the best of what we rapidly introduced. Reimagine the rest for flexibility, resiliency and efficiency.

Beyond this crisis, we need to acknowledge the ongoing risk of *another pandemic* or global crisis. At minimum this means preparing our organizations to be agile and flexible to pivot to multiple short-term scenarios while simultaneously thriving in the long-term.



Reimagine work and rewards for agility, virtual working, automation and reskilling



Lead with practicality, compassion, and transparency, and make work culture safe and inclusive



Protect employees and build resilience across physical, emotional, financial, and social wellbeing



Build flexibility in cost and actively manage financing of health, retirement, pay, and career programs



Rethink governance and oversight of human capital metrics to emphasize health, safety, and sustainability

### Key Stages of Action

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



### Restoring Stability

#### Prepare

The following areas of action are prevalent among companies as they **plan** a comprehensive and safe strategy for restoring stability and reopening economies and markets under new assumptions. Planning for Stage 2 is advised during Stage 1.

<b>Health</b>	<ul style="list-style-type: none"> <li>Evaluate the need for and <b>extension of pandemic related coverage</b>, protection, vendor services</li> <li><b>Promote benefits</b> (health, welfare and risk insurance) to raise awareness and build confidence</li> <li>Model cost <b>implications of future claims</b> due to the pandemic and deferred treatments</li> </ul>
<b>Wellbeing</b>	<ul style="list-style-type: none"> <li>Develop comprehensive <b>safe return-to-work</b> plan, including continuation of relevant workplace policies, self-assessment, on-site health checks, proactive emotional support, and updated rules for business travel to <b>prevent re-emergence</b> of COVID-19 and <b>create confidence</b>; address needs of at-risk cohorts</li> <li>Implement <b>employee listening</b> strategy to understand and prepare for return-to-work stress points</li> <li>Develop <b>leader and manager wellbeing toolkits</b> to help build confidence and return to productivity</li> </ul>
<b>Work</b>	<ul style="list-style-type: none"> <li>Evaluate all <b>options for new ways of working</b>, including workforce scaling (up/down), using contingent workers, reskilling/upskilling, automation and digitalization</li> <li>Develop plan to determine where <b>remote work</b> should be gradually phased out and where continued</li> </ul>
<b>Pay</b>	<ul style="list-style-type: none"> <li>Model business performance scenarios (including key <b>human capital and ESG measures</b>) to assess <b>current compensation</b> and <b>governance programs</b> (interim/ongoing) to align with performance outlook</li> <li>Identify changes to <b>plan design</b> (e.g., base salary, STI, LTI), <b>goals and performance metrics</b></li> </ul>
<b>Retirement</b>	<ul style="list-style-type: none"> <li>Assess <b>impact of economic downturn and participant behavior</b> (e.g., savings rates, withdrawals investment changes) on employee wellbeing and retirement readiness; outline objectives for restoration</li> <li>Review <b>pension financial management strategy</b>; identify near-term actions (e.g., cash preservation) and long-term objectives; assess all <b>legislative developments</b> to protect employees and businesses</li> </ul>
<b>Culture</b>	<ul style="list-style-type: none"> <li>Redefine <b>culture</b> fostering collaboration, flexibility, agility, inclusion and acceptance under new realities where new sets of needs may exist, and address loss, fear and anxiety to ensure <b>psychological safety</b></li> <li>Create <b>visibility and enable leaders and managers</b> to lead through change and build trust by reconnecting to purpose and confirming strategy and direction</li> <li>Evaluate key employee metrics (e.g., wellbeing, engagement, attitudes) to inform a <b>comprehensive change and communication strategy</b></li> </ul>

The following areas of leadership action (**execution**) are prevalent among companies in Stage 2 (“Restoring Stability”).

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

<b>Health</b> 	<ul style="list-style-type: none"> <li>Confirm <b>ongoing coverage</b> and <b>protection</b> including continuation of relevant short-term policies during transition period (for both working and furloughed employees), utilization and effectiveness of alternative care, eligibility provisions, EAP support; execute <b>open enrollment strategy</b> in relevant countries</li> <li>Review/manage <b>vendors</b>, including review of transition procedures and implications, and 2021 offerings</li> <li>Conduct <b>financial modelling</b>, including analysis of claims during the crisis and expected increase and reserving for spikes in elective surgeries and other deferred care</li> </ul>
<b>Wellbeing</b> 	<ul style="list-style-type: none"> <li>Execute and communicate return to work policies, hygiene at work, social distancing protocols, mobility, and travel policies to support safety, health and <b>physical wellbeing</b>, as well as new/emerging needs</li> <li>Actively promote and focus on <b>emotional wellbeing programs</b> such as add-on EAPs, leader and manager training on stress-related issues, peer-to-peer support and guides, sharing of success stories</li> <li>Assess and address employee financial concerns regarding future safety and <b>financial wellbeing</b>; monitor employee behavior (e.g., participation, savings rates, loans, withdrawals, investment allocations)</li> </ul>
<b>Work</b> 	<ul style="list-style-type: none"> <li>Implement <b>workplace policies</b> to enable employees to return to work safely, address needs of certain cohorts and foster inclusion; assess opportunities for working in an <b>agile</b> and <b>virtual environment</b></li> <li><b>Readjust work</b> including new ways of working, flexible arrangements, <b>reskilling/upskilling</b> programs, <b>scaling up/down</b>, robotics/AI; adjust performance goals to reflect current conditions and future outlook</li> </ul>
<b>Pay</b> 	<ul style="list-style-type: none"> <li>Modify pay rates for jobs that may have changed (e.g. cyber security, business continuity); update <b>reward strategy</b> and/or <b>programs</b> in light of changes in organization and workforce strategy (including focus on roles that have been pivotal to restoring stability, e.g., health care, distribution, sales)</li> <li>Review/balance affordability of compensation programs relative to profitability, cash flow, and share price</li> <li>Assess <b>short-term and long-term incentive goals and performance metrics</b> in the context of economic conditions and business performance; develop <b>retention program</b> for critical talent, if needed</li> <li>Evaluate solutions to address <b>underwater stock options</b> as needed; promote employee and management stockownership plans, as an alternative to deferring cash payments</li> <li>Communicate and implement <b>human capital management metrics</b> into incentive plans and/or governance oversight; review oversight and management of <b>ESG elements</b> with Board/Management</li> </ul>
<b>Retirement</b> 	<ul style="list-style-type: none"> <li>Continue monitoring <b>pension financials</b> and reporting to <b>all stakeholders</b> (e.g., management, labor representatives, employees, fiduciaries, auditors, external providers)</li> <li>Execute <b>cash preservation</b> and <b>cost management strategies</b> related to pensions</li> <li>Perform multi-year <b>modelling</b> to assess consequences of short-term cost management actions, changes to economic and workforce projections, and potential updates to pension cost/risk management strategy</li> <li>Execute comprehensive and integrated <b>communication and engagement</b> campaign, including education, tools, and financial wellbeing decision support</li> <li>Review <b>retirement plan operations and vendor performance</b>, identify necessary remediation steps, opportunities for improvement, and ability to enhance services aligned with restoration objectives</li> </ul>
<b>Employee experience and communication</b> 	<ul style="list-style-type: none"> <li><b>Refocus on the essentials</b> of the employee experience to redefine and ensure people understand their roles, feel supported, are being rewarded fairly and can effectively do their jobs in the new environment</li> <li>Execute <b>comprehensive communication/employee outreach</b> at all levels regarding business outlook/strategy, reasons for strategic business, workforce cost management decisions and employee support/resources; <b>continued visibility</b> and <b>enablement of leaders</b> to lead change</li> <li>Continue or build new forums for <b>collaboration, inclusion and sharing of employee voice</b></li> <li>Deploy <b>key employee metrics</b> (e.g., wellbeing, engagement) to inform comprehensive strategy</li> </ul>
<b>Culture</b> 	<ul style="list-style-type: none"> <li>Adapt <b>healthy company mindset</b> to new assumptions, including agility, dignity, psychological safety, inclusion, wellbeing, physical safety, and innovation – supported by leader and manager behaviors</li> <li>Underscore focus on and align decisions and messaging with <b>purpose, values, and principles</b></li> </ul>

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