

Leveraging Opportunities for a Sustainable Reset

Willis Towers Watson Webcast

May 29, 2020



Today's discussion



Level set: Sustainable reset



Supporting work and rewards considerations



An employee experience to meet current and future needs



Workforce actions to support the reset



Questions and answers

The journey

Key Stages of Action



Today's speakers



**Emory
Todd**

Human Capital and
Benefits



**Ravin
Jesuthasan**

Work



**Jill
Havelly**

Employee
Experience



**Alex
Weisgerber**

Rewards



**Dave
Suchsland**

Workforce
Transitions

A perspective on the future

New Watchwords



Resilience



Flexibility



Agility

Sustainable Reset

Portfolio approach to work

Flexibility to reduce risks

Agility through distributed decision making
Collaboration beyond the organizational boundary

The great dichotomy



for workers

A quest for certainty and stability



for companies

The promise of continued relevance and clarity

Challenges and opportunities COVID-19 presents for how we need to work today and beyond

percent of organisations that have taken action, planning to, or are considering

1	Responding with agility	20%	redeploy (and potentially reskill) workers to support another function
2	Leaning into the broader ecosystem	63%	borrow or lend talent to another organisation
3	Virtualising work and its implications	57%	shift when work is done and where it is done
4	Digitalisation and analytics	48%	automate certain aspects of work to streamline and/or increase productivity
5	Adjustments to reflect new protocol post-COVID 19	74%	touchless payment systems, offering of certain service via video vs in person, spacing out work on assembly lines, etc.

Sources: Willis Towers Watson Readiness Plans for Resetting Business Operations survey of 514 global employers, April 22, 2020
Willis Towers Watson 2020 Returning to the Workplace Survey of 681 global employers, May 18, 2020

Ensure a sustainable reset

Recalibrating for a new reality while repositioning for future growth

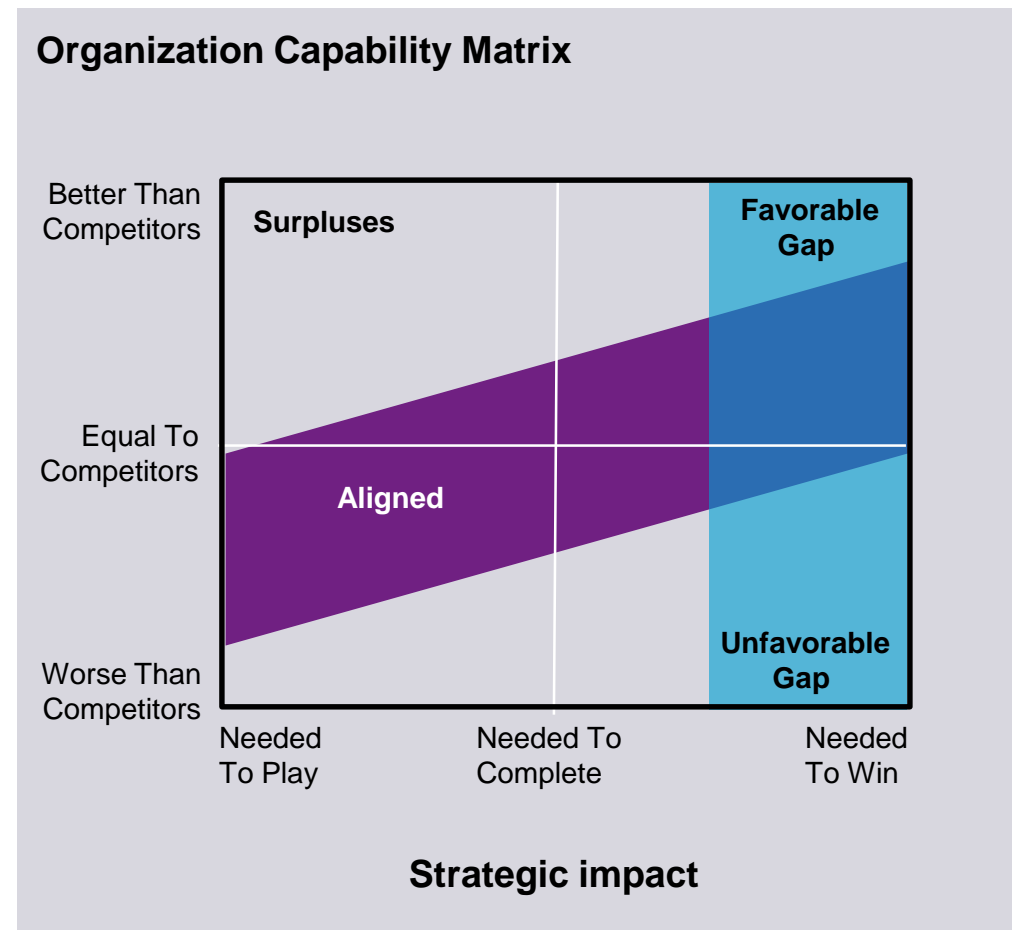
Workforce Analysis		Workforce Strategy		Work & Rewards Planning & Design	
How do we identify immediate cost savings opportunities?	Given our new economic reality, what areas do we need to be great at vs good at?	Which roles will have the most significant impact on these areas?	What is the impact of alternative decisions on our financials and the employee experience?	How do we reinvent jobs to access the best work options (AI, gig talent) at the right cost for each role?	How do we make this work a part of HR's core capabilities and toolset?
Sprint 0 Articulate business case for change	Sprint 1 Clarify work and talent priorities	Sprint 2 Evaluate impact on workforce	Sprint 3 Analyze financial and EX impact	Sprint 4 Reinvent jobs to address defined priorities	Sprint 5 Build HR capability to enable the business

Return on Investment

Identified cost saving opportunities	Clear definition of where great performance matters	Roles critical to driving great and good performance	Optimization of cost to meet near and long-term goals while balancing the impact on EX	Redeployment of work to achieve a step change in cost and capability	Upskilled HR that can realize these gains at scale
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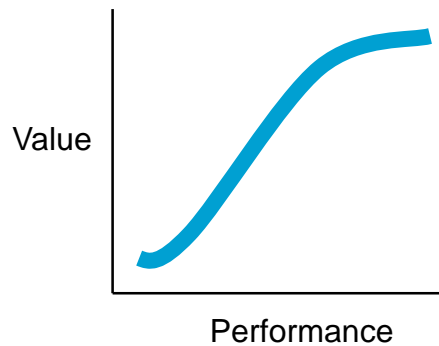
Clarify organizational capabilities

Value Driver Elements	Organizational Implications	Sample Supporting Capabilities
Revenue Growth	Better customer experience	Customer problem solving
	Drive innovation	New product/service creation
	Expand into untapped markets	Demand creation
Operating Margin	Quickly integrating acquisitions	Strategic leadership
	Efficient cost structures	Capital allocation
Capital Turnover	Proper allocation of people resources in the business	Investment management
	Enhance operational efficiency	Operational financial management



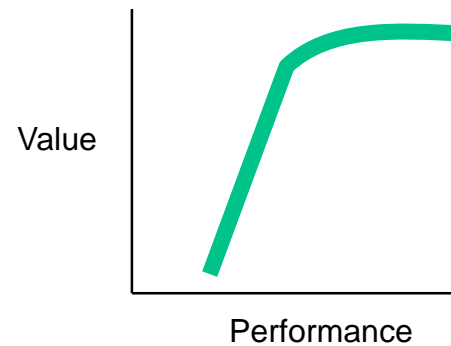
Identify the differentiated impact of various roles

1 Pivotal Roles



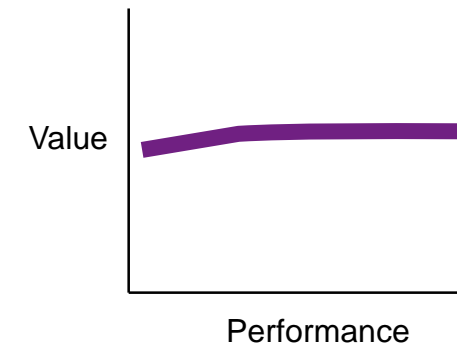
A **small improvement** in performance delivers a **disproportionate return** in strategic value and competitive advantage

2 Proficiency Roles



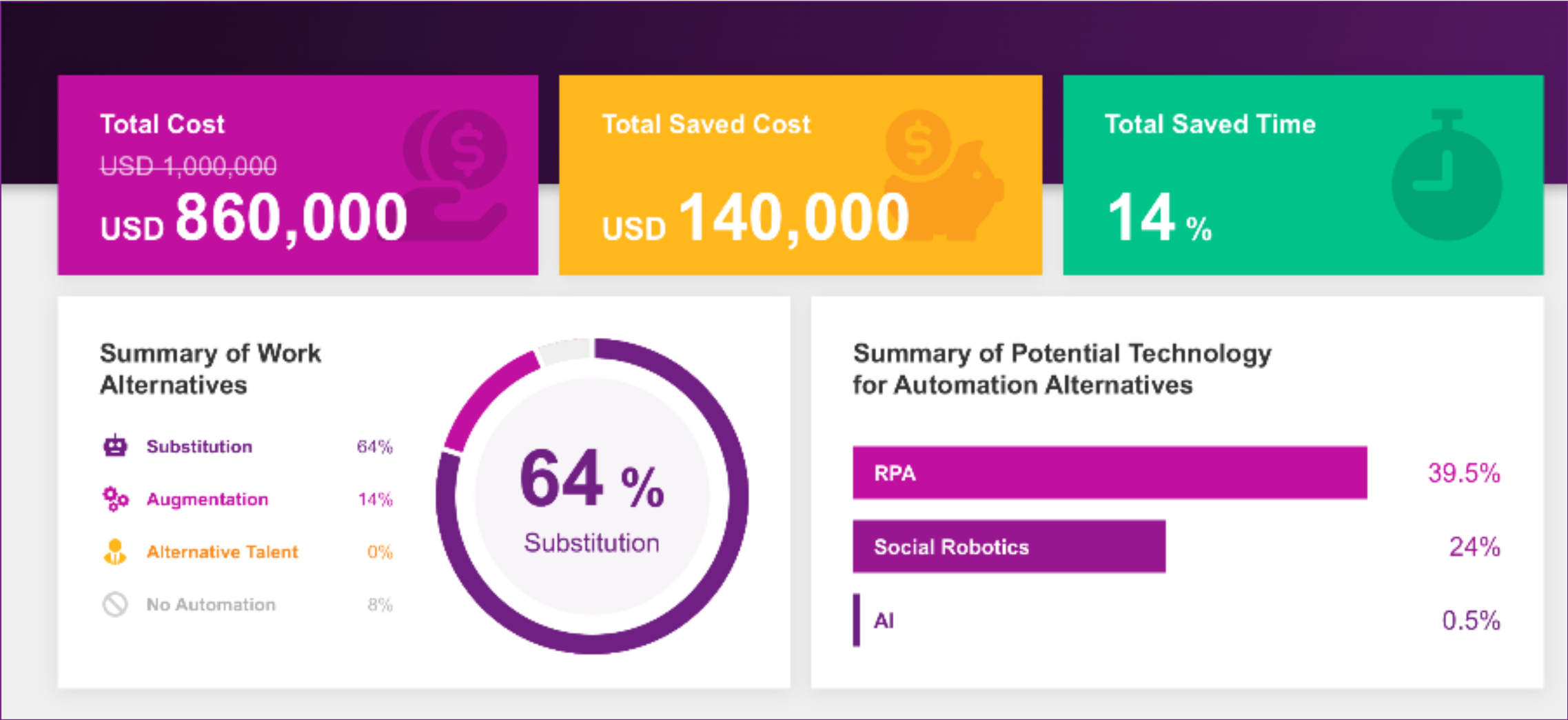
Beyond a certain crucial **threshold** of performance, any further improvement does not yield **significant** greater level of organizational value

3 Efficiency Roles









Essential to be done but there is no **discernible** relationship between significant improvement to value to the organization

Evaluate the agility and resilience that will sustain your organization



Source: WorkVue Willis Towers Watson technology for reinventing jobs

Rewards priorities to support sustainable reset

Consider Segmentation 	<ul style="list-style-type: none">40% of employers have identified segments of employees for targeted action	Support the Sales Force 	<ul style="list-style-type: none">Over 60% of organizations are considering improvement in sales management, incentive plans, and governance
Continue to Manage Costs 	<ul style="list-style-type: none">Pay reductions – Impacting fixed and variable payExpense policy adjustmentsPlanning for layoffs	Accommodate New Work Practices 	<ul style="list-style-type: none">Few organizations report taking action to accommodate work adjustments
Manage Premium Pay Commitments 	<ul style="list-style-type: none">Almost all employers plan to remove pay premiums	Revisit Benefits 	<ul style="list-style-type: none">What benefits are required for increased virtual workEnhanced wellbeingFor retirement plans, set a plan for dealing with higher pension costsRestarting employer DC contributions

Source: 2020 Returning to the Workplace Survey

Shifting performance priorities suggest new approaches to paying for performance

Illustration: Taking stock of performance priorities

Typical Performance Priorities	Rebalanced Priorities Given Current Context
Corporate financial priorities: revenue growth, margin improvement	Q2: Limit impact to top line Q3/Q4: Stabilize financial performance
Individual goal attainment	Team effectiveness managing COVID-related risk
Innovation – Big bets	Innovation – Evolving practices

Illustration: Repurposing P4P tools to target priorities

P4P Element	Progressive Actions
Merit	<ul style="list-style-type: none"> ■ If cuts are required, preserve funding for targeted use ■ Suspend merit matrix adopt targeted pools with specific criteria ■ Relax focus on market alignment, anticipating less movement or decreases depending on industry ■ Consider lump sums
Recognition	<ul style="list-style-type: none"> ■ Refresh criteria for current programs to target required behaviors, acknowledge success and personal achievements
Other variable elements	<ul style="list-style-type: none"> ■ Introduce performance sensitivity to other elements of the value proposition with favorable cost profile

Incentive design decisions will impact sustainable reset effectiveness

Short-Term Incentives

- Majority continue to take a wait-and see approach
- For those taking action one adjustment may trigger other refinements
- Most are considering options they could trigger
 - Allow the plan to function as designed vs. intervene
 - Timing of intervention (relative to uncertainty about economic circumstances)

Long-Term Incentives

- Over 70% of organizations have not taken action
- Actions most likely to be considered
 - Adjusting target award value or size
 - Issuing supplemental awards
 - Changing goals for in-flight awards
 - Changing vehicle or vehicle mix

Factors to Consider

Financial impact

Social considerations

Competitive landscape

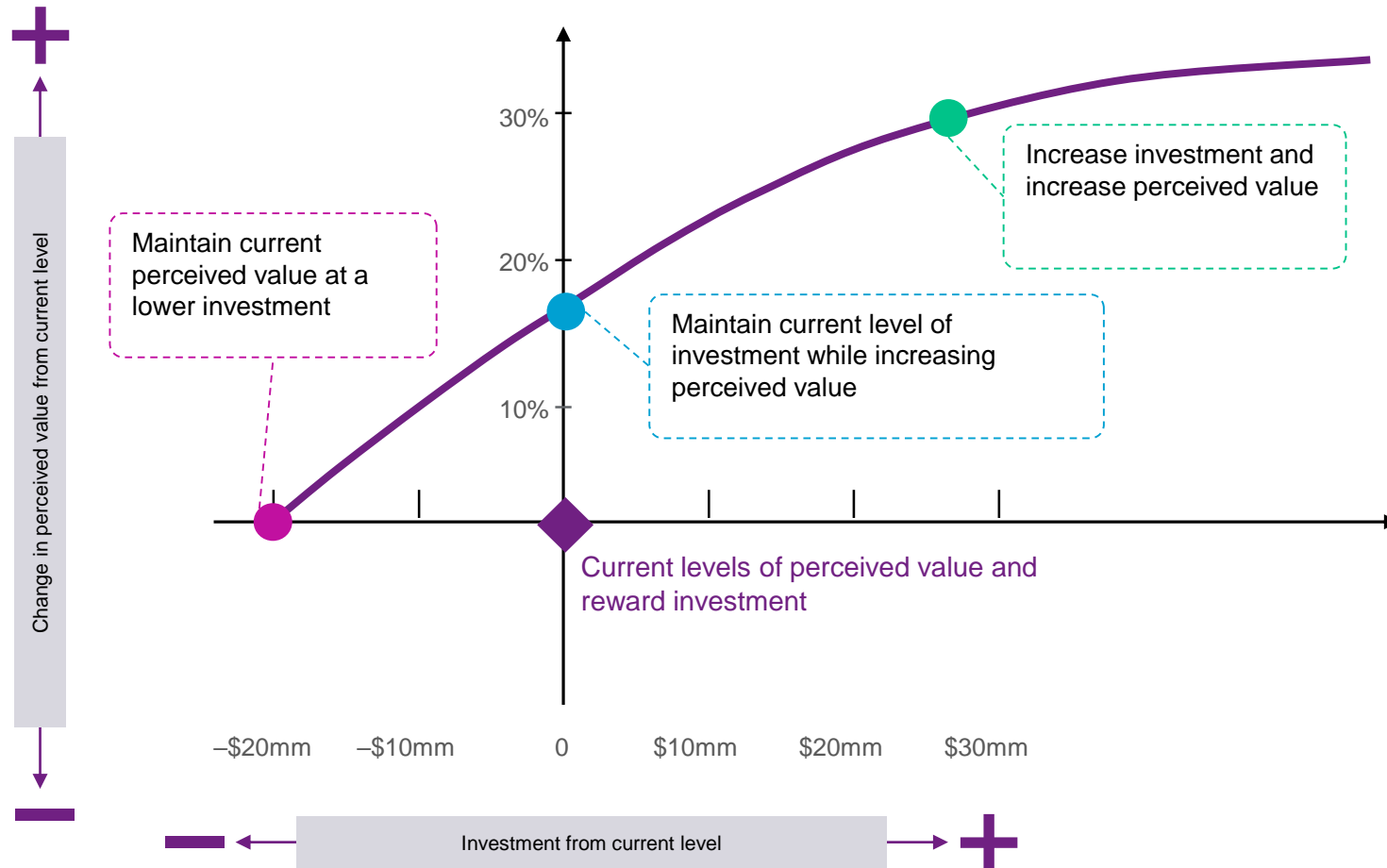
Historical practice

Motivational impact

Source: Willis Towers Watson 2020 COVID-19 Survey: Implications for 2020 Incentive Plans & Sales Compensation

Rebalancing rewards to manage cost, flexibility and perceived value

Increase in Indicated Perceived Value from Current Level



What is the best level of investment in employees?



What is the best allocation of that investment to maximize the desired employee behavior?



Do the answers vary by age, tenure other segments (like position)?



A pivotal moment to focus on workforce principles that align to the Employee Experience



[Joint Whitepaper with WEF: Workforce Principles for the COVID-19 Pandemic: Stakeholder Capitalism in a Time of Crisis](#)

Employees are deeply concerned & their experiences are significantly impacted

Majorities of employees reporting...

Anxiety or worry
92% report at least **some anxiety** from the coronavirus, with **55%** indicating a **moderate or high degree of anxiety**

Distractions from work
70% report at least **some distraction from work** from coronavirus concerns, with **26%** indicating a **moderate or high degree of distraction**

Increased financial concerns
61% report at least **some new financial concerns** due to the coronavirus, with **25%** indicating a **moderate or high degree of worry**

There is more employers should do, but current efforts are having a positive impact on the Employee Experience...

Employees have favorable views on efforts to create **strong supports and team connections**



- 96%** Team continually focused on core objectives
- 94%** Company doing good job keeping employees informed
- 93%** Receiving support needed during this time
- 92%** Confidence in leaders to protect health and wellbeing
- 91%** Feel well-connected to work team

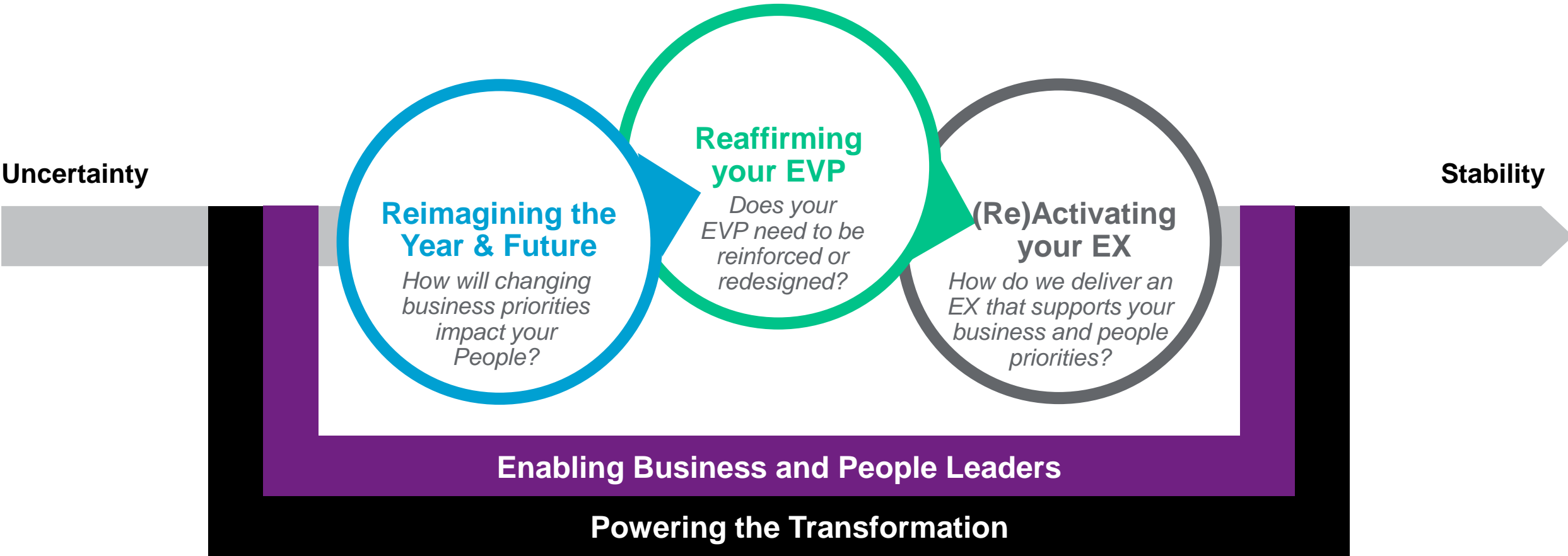
Employees have favorable views on employers' **effective focus on tools & procedures**



- 94%** Know what to do with health and safety concerns
- 93%** Trust leaders to respond to business challenges
- 92%** Company effectively adapting procedures to be productive
- 92%** Travel and in-person meeting policies are appropriate
- 91%** Have tools and resources needed to work from home

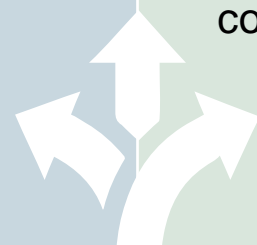
Source: Willis Towers Watson Employee Opinion Norm Database

Protect and enhance your Employee Experience (EX) while restoring stability



For some, a reset may require workforce actions

Voluntary Separation	Involuntary Separation
<ul style="list-style-type: none">■ May not achieve desired staff and cost reduction; may lead to wrong people leaving■ Message better received by employees (including those who stay)■ Protection against age bias challenges	<ul style="list-style-type: none">■ Targets specific populations more effectively■ Better suited to achieving targeted reduction in staff and cost■ Sends organizationally driven message about cost reduction



Compensation

- Severance/cash incentives
- LTI*

Benefits

- Vacation/PTO payout
- Medical/dental
- Outplacement assistance
- Retirement
- Life insurance
- *Long serviced travel discount program**

* Program features that are non-cash or deferred cash benefits

Consider the separation program implications



What incentives will there be for participants to enroll (if voluntary)?



How will benefits be impacted (e.g., pension enhancement or pay severance via Pension Plan to minimize short term cash)?



How will we take elections (if voluntary)?



What education is needed for the participants and how will their questions be answered?

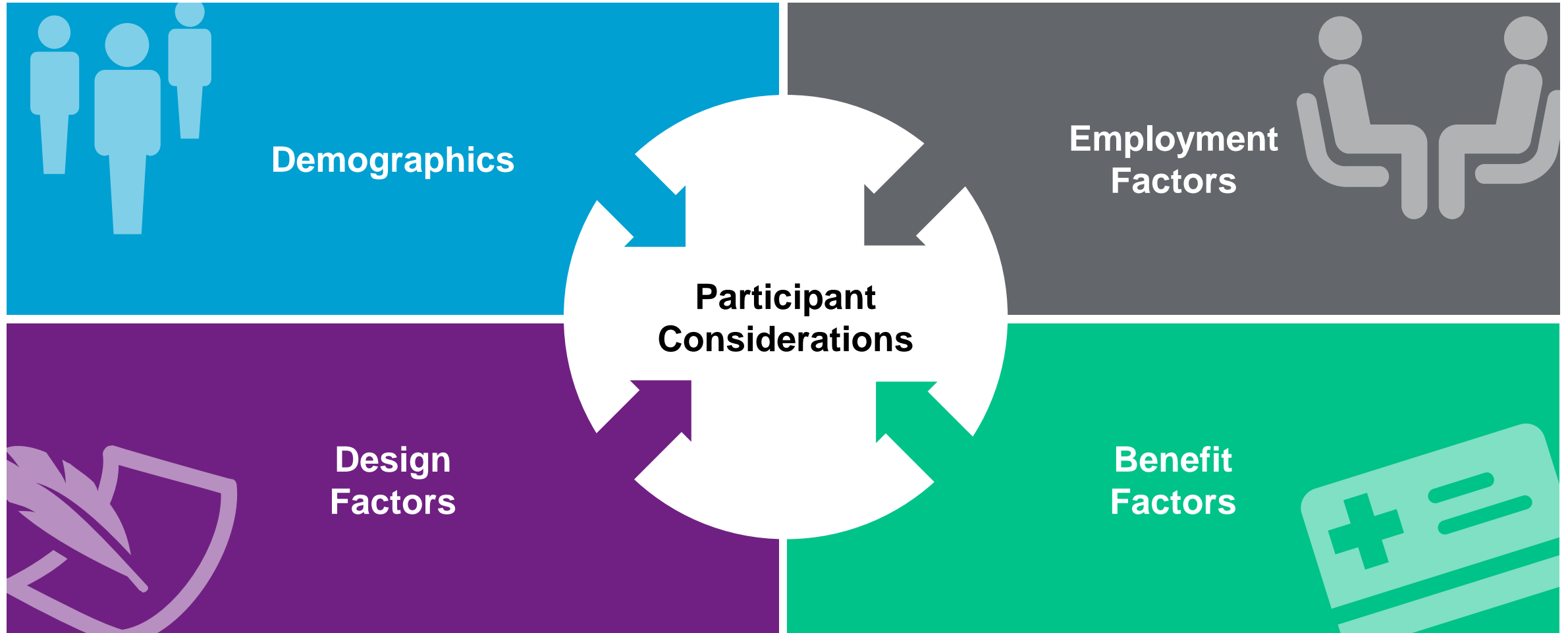


Do we have a basis for the program design?






How will the potential for a follow-up involuntary program be communicated and managed?

Take rates for voluntary programs are difficult to predict



Lessons learned

	Clearly articulate the goals
	Use targeted eligibility definition
	Adopt simple program design
	Conduct ROI analysis
	Develop clear messaging and comprehensive communication plan
	Ensure leadership buy-in and support
	Establish formal governance project and clear approval protocols

Questions



Upcoming events:

June 12: Prioritizing Wellbeing to Support and Protect Employees, Purpose and Culture

June 26: Safeguarding Capital and Creating Value Amidst Business Disruption

Past events:

May 15: Restoring Stability: Emerging Principles and Priorities

[Register for future events and access past recordings on willistowerswatson.com](https://www.willistowerswatson.com)

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