



Addressing the impact of COVID-19 Workforce strategies and considerations

With the rapidly evolving COVID-19 pandemic, leaders find themselves managing a dynamic and uncertain workforce supply and demand. What is clear is that the short term will be challenging. Temporary workforce reductions are already occurring and more are sure to come.

It is essential to make short term decisions in consideration of the long term. This balance is critical to weathering the storm and ultimately speeding up the recovery. This requires engaging with the workforce in an honest and transparent manner that is in line with company values. This also means making decisions anchored in talent strategies and the skills that will be critical to the longer term success of the business. Now, more than ever, the role of leadership is key. People expect the long view, and appreciate it.

COVID-19 as a catalyst for change:

Before the COVID-19 pandemic the employment market was already undergoing sea-change. A shortage of future skills in all industries, and a fundamental shift in the expectations of employees, customers, and citizens, have all changed the game:

- Leading organizations already started moving towards adaptable models and structures but only 6% say they are highly agile¹– **how to best consider new structures and ways of working while addressing short term disruption?**
- In response to COVID-19 there is already an acceleration in digital lives– **how best to leverage current challenges to reinvent the delivery of products and services in a fully digital way?**
- Today the half-life of a technical skill is less than 5 years¹– **where can lower demand work be shifted to higher demand opportunities to reskill?**
- Pressure has shifted to employers to act with a broader social conscience; driven by a fundamental shift in public trust² and generational change brought on by Generations Y and Z – **how to balance the response to workforce excess with the importance of trust and reputation?**

Suggested approach:

Being able to react and adjust can mean the difference for people, clients, and the organization. These practical short term steps can mitigate long term challenges.

➤ **Strategic talent review:** Begin by understanding segments of the workforce likely to experience low and high demand, based on the key skills to support business critical operations in the weeks and months to come. Balance this short term view with the medium and long term strategic needs of the business. Use this understanding of talent in conjunction with the organization's financial and cost management strategy to help guide short term decisions.

➤ **Accelerate plans for new ways of working:** Take the organization digital; use this as an opportunity to re-invent how to operate in a digital world. Look for opportunities to reskill employees in future skills to support the medium to long term strategy. Consider whether some segments would rather continue on a 'gig' employment basis, perhaps in search of flexibility or extended careers.

➤ **Implement options to temporarily reduce the workforce:** Utilize these options to provide flexibility for the business to manage the short term pressures. Voluntary options are typically well received by employees and are less likely to damage trust. Examples range from reduced work hours, early or phased retirements, to voluntary leaves. Where relevant, engage early with unions.

¹ 2017 Deloitte Global Human Capital Trends

² 2019 Edelman Trust Barometer Reveals "My Employer" is the Most Trusted Institution

Questions to ask – intentionally pushing traditional wisdom as food for thought

What talent does the operating strategy demand in the short, medium and long term?

- **Support talent now.** Communicate the employee assistance and supports available to help manage employee well-being.
- **Understand changing customer and citizen needs.** Customers are navigating new territory and will undoubtedly see their businesses shift and evolve. Consider how this changes the way they will be served in the future.
- **Consider possible futures for business.** Forecast scenarios for what the business will look like after the situation has stabilized. Focus on the business areas likely to be disrupted and consider where there might actually be higher demand.
- **Establish a workforce plan, identifying critical roles.** Consider not only supply and demand, but also future skills, and the automation of transactional tasks. Identify the critical roles for each of the possible future scenarios.
- **Determine the right structure.** Identify where the organization must re-wire to be agile and empowered to navigate now and in the future.

Where could acceleration of reskilling and automation pay off in the short term?

- **Build up virtual work capability.** Invest in equipping the workforce to operate virtually. The capacity for remote work is a key to current operations and future business continuity planning.
- **Invest in reskilling in the short term.** Use excess supply and capacity to build future skills (e.g., digital, collaboration). Take advantage of government funding sources to support these initiatives.
- **Re-deploy resources** to high priority areas or future-focused R&D projects that have been put off.
- **Continue to advance automation.** While it can be difficult to maintain focus in the short term, consider continuing investments in automation. Taking out transactional tasks not only improves productivity, but it also improves the work itself by mitigating dull and dangerous work.
- **Leverage knowledge management.** Provide access to online knowledge articles, policies, procedures, and references needed to carry out work and make decisions.

What labor reduction strategies best fit the business and reputational needs?

- **Establish a target for temporary workforce reduction based on scenario planning.** Understand current workforce data. Consider the costs associated with both temporary layoffs or permanent reductions – reputational, financial, and the future costs of hiring once the situation stabilizes. Dramatic increases in voluntary turnover often follow layoffs, and damage to job performance of up to 20% has been documented³.

Options to consider:

- **Alternative work arrangements** such as voluntary reduced work hours or sabbaticals at partial pay or adjusted shift cycles and working hours.
- **Voluntary time off** at partial or no pay with full benefits coverage.
- **Phased or early retirement:** for example, where individuals work three days a week at 60% pay, but receive full benefits and retirement / pension program employer contributions.
- **Offer non-traditional work options:** there is growing evidence some employees would prefer flexibility over full time work – where quality non-traditional options can offered this could be win-win.

Workforce changes are inevitable and will not be easy. How a leader chooses to navigate these challenges will have lasting implications on employees, customers and citizens, and the organization's ability to thrive in the long term.

Contact:

For more information on how to respond, recover and thrive:

- Connect to Deloitte leaders www.deloitte.com/COVID-19-leaders
- Visit www.deloitte.com/COVID-19

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