

Strategic workforce planning

Building the foundation for business resilience

HR is under the spotlight

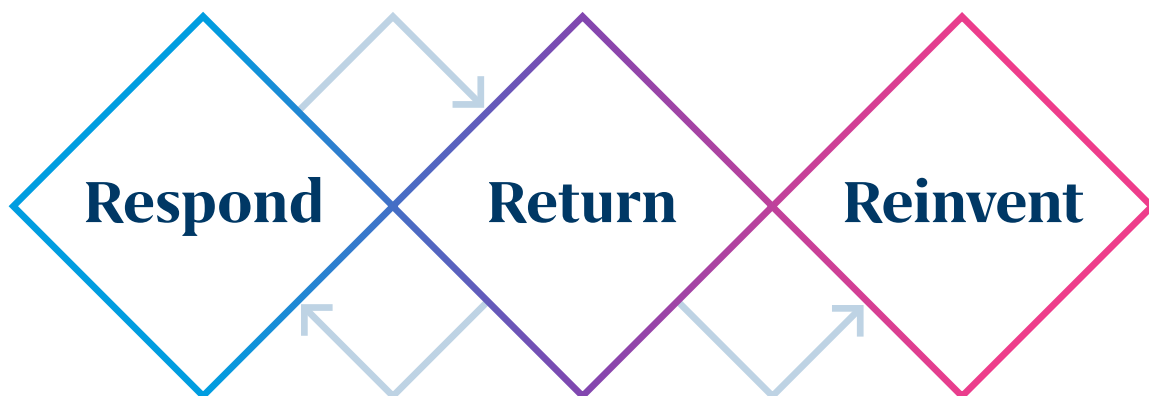
The COVID-19 pandemic has made us reconsider business resilience and the value of the most critical asset to the business — the workforce. Resilient companies will alternate between three phases — **respond**, **return** and **reinvent** — to ensure they address their business challenges and continue to thrive. But what sets the COVID-19 challenge apart? HR is under the spotlight. As a recent article in *The Economist* points out, “In a pandemic, a chief people officer can make or break a company.”¹

As companies scramble to respond to the pandemic, return to a new normal and reinvent their operating model after COVID-19, workforce challenges arise:



- How will our workers and current operating model be disrupted?
- Where are the gaps in our workforce supply and demand under different scenarios?
- How do we adjust our workforce for future business needs?
- Above all, how do we ensure our workers deliver business results while working safely and staying healthy?

Mercer has worked with clients to answer these questions for over 20 years — through market crashes, unemployment surges and economic rebounds. Our strategic workforce planning methodology and tools enable companies to derive clarity from chaos as the market rights itself and we return to a new normal.

How? **Mercer’s Strategic Workforce Planning** helps you address these workforce challenges, ensure business resilience, and align your people strategy to your business strategy throughout the stages of responding, returning and reinventing.



¹ “The Coronavirus Crisis Thrusts Corporate HR Chiefs Into the Spotlight,” *The Economist*, March 24, 2020, available at <https://www.economist.com/business/2020/03/24/the-coronavirus-crisis-thrusts-corporate-hr-chiefs-into-the-spotlight>.

		Stage		
		Respond	Return	Reinvent
 Business challenges		Emergency response and immediate business continuity plans	Preparation of return-to-work and scenario plans	Reconsideration or redesign of a future business model in a post-COVID-19 world
 Workforce challenges		How does this emergency disrupt our workers and operational model?	How will demand and supply of labor change under different scenarios? Who comes back first?	Will our workforce and talent mix deliver future business needs? How do we close the anticipated workforce and skill gaps in the future?

Our systematic approach covers strategic insights, talent gap and risk measurement, talent management options and actionable recommendations on next steps. This approach enables our clients to forecast risks and find the right balance of quantity, quality and location of critical talent. It also allows them to pinpoint internal supply of and demand for essential skills and roles under multiple business scenarios, and establish clear and measurable links between human resource programs and business outcomes.

Mercer's integrated, end-to-end solution combines the right blend of strategy, analytics and technology. We've developed a tailored solution that tackles specific issues and aligns a sustainable people strategy with your business's recovery cycle.

1. Gain insights

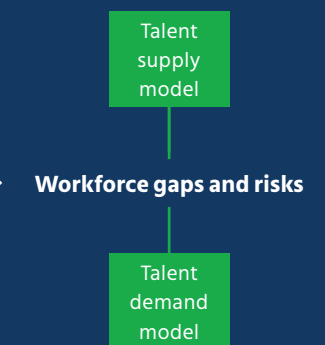
Gain strategic insights through interviews, strategy review and data analysis



Workforce planning and insights report

2. Measure gaps

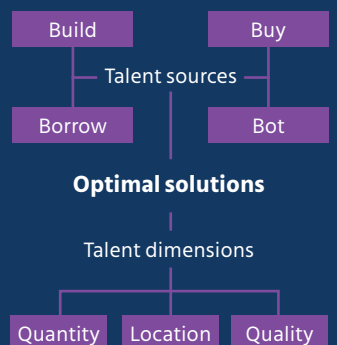
Model future supply and demand to understand areas of risk and opportunity



Risk assessment

3. Model solutions

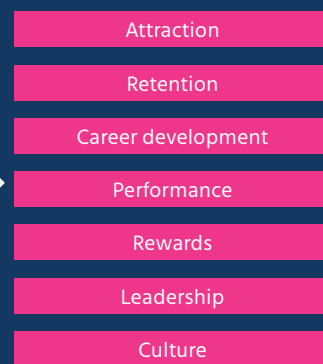
Develop workforce plan to address identified gaps



Workforce plan

4. Take action

Hand over training, materials and capabilities to client team to give ownership of process



Talent solutions and ownership model

Business resilience demands strategic workforce planning

As you plan for the transition during and after COVID-19, do any of these considerations apply to your organization?

- In manufacturing and back-office operations, what was considered redundant or inefficient now becomes necessary risk mitigation to ensure business continuity. For example, businesses may need to consider **relocation or diversifying locations of operation** instead of concentrating production in one centralized facility with the lowest labor and operation costs in monetary terms. Also, they may need to **redesign production lines and business processes** to coordinate operations when workers are farther away from each other in the same facility or scattered in different locations.
- Customer-facing sectors such as retail, personal banking and hospitality will need to provide services while maintaining social-distancing measures. **Stores may be staffed with fewer employees while requiring each employee to be more capable and “wear more hats” than before.**
- As some services will inevitably shift online or over the phone, businesses need to **expand virtual customer service channels** while employing customer service representatives in a socially distanced way.

Successfully reinventing your business strategy requires having the right people strategy and workforce plans to guide the principles and execution of HR initiatives. Critical focus areas include recruitment in different local labor markets for relocation; attracting, managing and retaining different types of workers; or training existing employees to develop new skills or learn new processes.



Learning from the past

Looking closely at past events, we see that companies with a proactive approach to these workforce challenges respond better on impact and are more prepared when the next problem arrives. For over 20 years, Mercer has been proud to help our clients evolve their business and people strategies with our Strategic Workforce Planning solution.



Relocation support: PharmaCo diversifies its footprint to mitigate risk

PharmaCo had traditionally maintained a strategy of pursuing low-cost locations for its manufacturing facilities, as well as rigorously seeking out incentives provided by local and national governments. A series of hurricanes severely impeded production, and PharmaCo realized that its next location should be far from the Western Hemisphere storm belt.

After working closely with Mercer's Workforce Strategy and Analytics team, PharmaCo triangulated on a new Western Hemisphere location that reflected its new priority — resilience in the face of risk. The choice of location also took into consideration cost, infrastructure, and logistical connections to suppliers and markets.



Managing regular versus temporary staff mix: EnergyCo "localizes" its workforce

EnergyCo recognized that in a post-9/11 "new normal," a workforce primarily composed of foreign contractors posed a threat to the operating model. Without the ability to develop in-house expertise, resilience was at the mercy of non-badged employees.

In response, Mercer developed a long-term workforce plan that enabled the organization to gradually substitute key roles with a core of employees from the "home" country. This development plan was accompanied by an appropriate employee value proposition to keep the entering classes of new employees retained and engaged.



Changing the legacy labor model to improve production: ProductCo creates a manufacturing "campus"

ProductCo, a traditional consumer goods firm, had a wide assortment of legacy manufacturing plants spread across North America. In an environment of cost consolidation and because of a drive for efficiency, it discovered that its legacy labor model of hiring armies of temporary workers during production peaks wasn't working. There were fewer qualified temporary employees available for manufacturing, and Mercer's analysis also showed that those who were acquired led to unacceptable levels of loss on the lines and quantifiable impacts on the level of output.

After a thorough analysis of labor availability across locations, Mercer recommended consolidating locations to a series of campuses to achieve scale and flexibility across production lines. In addition to efficiencies gained through consolidation, the organization doubled down on areas where current and future labor supplies were expected to provide a sufficient workforce for today and the future.



Aligning people strategy to business strategy: TechnoCo transforms its workforce for a new business environment

Facing serious competitive challenges, TechnoCo, a global technology company, decided to shift away from hardware production to a variety of service and software offerings that would require customer-centric coordination across traditional product-centric silos. Therefore, TechnoCo chose to hire more "solution architects" and service line "coordinators" who would be crucial under the new business strategy but would not have existed in the old product-centric structure.

With Mercer's help, TechnoCo was able to address imminent talent gaps. Using advanced analytics, Mercer found the company's staffing in these new critical roles was working effectively. On the other hand, we discovered that TechnoCo's traditional recruitment sources did not align with their unique talent needs. Prime recruits, such as university hires, fared poorly within the current culture: Their performance and career advancement lagged considerably, and they were much more likely to leave TechnoCo. Mercer worked with TechnoCo to formulate people strategies on recruitment, training, performance management and career advancement to improve the assimilation of these new kinds of talent, ensuring the success of the shift in TechnoCo's business strategy.

Mercer's Strategic Workforce Planning — build the foundation of business resilience

You can rely on our years of expertise in strategic workforce planning and labor market insights. Make us your partner on people strategy throughout your journey of transition and recovery.

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