

The next EX: Unlocking workforce energy



As the new world of work settles into a recognizable rhythm, people have reset their priorities to favor living life now over working now. At the same time, employers are demanding more from their workforces and anticipate struggling to meet consumer demand with their current talent models.

Organizations now face the difficult task of paving the way to a future of work where employees can thrive and also deliver on business needs. The key to achieving this goal will be designing an employee experience (EX) that reflects the company's brand. An effective and relatable EX is formed by experiences that connect with what matters to people. Such an EX has talent processes that feel intuitive, with each element working together to drive talent attraction and workforce agility.

The need to do more with less calls for the next EX

Coming out of the turmoil of the past few years, people aren't just tired, they also feel disconnected from work and exhausted from constant disruptions, whether in their personal lives, their jobs or wider society. They have more choices to consider. More stuff to sort through. And despite the hard work people are putting in, less than 60% of employees feel their needs are being met in return. Not surprisingly, nearly one in five employees say their jobs have moved down their priority list since the pandemic. This dynamic is changing people's expectations of the employee deal and affected the energy they're willing (or able) to put in at work.

This is bad news for employers as they need to do more with less amid shrinking budgets, slowing productivity growth and nonstop volatility. All this is set against a backdrop of enterprise-wide transformation agendas that keep growing and an EX that's expanding in scope. It's no surprise that only 35% of CEOs and CFOs believe they can quickly scale their workforces up and down as needed.

Agility is a business premium, and addressing the EX is one way to mitigate business risk. In fact, executives who believe their companies are agile and can adapt are two times more likely to say they've made inroads in creating a positive EX and are therefore better equipped to weather economic storms.

Why is the EX growing in scope?

Flexible working arrangements have increased the challenge and scope of EX design. Such arrangements are, by their very nature, unique to each individual and must take into account all aspects of the employee experience. For example:

- A new parent might need to shift to flexible hours without taking a drop in compensation.
- A service representative who wants to make remote work permanent might be willing to change to a job that facilitates this, despite a pay cut.
- An older worker might value a job-sharing scheme that would enable the pursuit of outside interests.

Perhaps the most popular flexible work arrangement is asynchronous work, where people can choose their own hours and often work different schedules from their teammates.

Post pandemic, workforce exhaustion is putting pressure on the EX. HR teams see expanding benefits to be more inclusive and supportive of all workforce segments as the number-one priority for their benefits programs over the next two to three years.

But benefits alone aren't the solution for exhausted or unwell employees. For instance, jobs can be designed with well-being in mind, and steps can be taken to maximize the effectiveness of any benefits and health offerings. Workforce design and reporting structures must form the foundation of an EX where people feel supported and healthy.

Companies are looking to unlock agility through skills-based practices and by redesigning work for greater flexibility across the following six dimensions:

- *Who* (leveraging the alternative workforce)
- *What* (job content and sharing)
- *When* (scheduling)
- *Where* (location)
- *Why* (mission and purpose)
- *How* work is getting done (scaling and technology)

Managing the employee experience just got more nuanced. Regardless of generation or geography, [people want meaningful, flexible work at firms that closely align with their values and lifestyle needs](#). In response, more companies are deliberately redesigning the EX to unlock employee energy. This is being done by providing an experience that makes people feel secure, fairly treated, optimistic about their companies' futures and empowered to invest their energy where it counts.

Sustainably designing and scaling personalized, connected experiences is an ongoing task, but companies that can crack this challenge will benefit. In fact, people who say they feel energized at work are [two times more likely to say they're very satisfied at work and have no plans to leave their companies](#).

As with customer experiences, a one-size-fits-all approach to the EX doesn't work. Co-design is key as employees' work-related needs vary. In response to this insight, [85% of companies are co-creating employee experiences](#) with their people.

But unlocking employee energy isn't the only critical component of a successful EX. Employees are also gravitating toward companies they respect.

A new way of thinking about EX

The three overarching aspects of the employee experience — employee expectations, the work environment and the moments that matter most during an employee's journey — haven't changed. But because the scope of employees' expectations has broadened, people are now more loyal to [brands with meaning](#) (those companies that create an emotional connection and enable progress for customers). Organizational brand and reputation is now the second-most important reason [employees join a company, up from number nine in 2020](#).

Embracing this new reality as a central part of your company's brand experience is a prerequisite for building a strong, lasting partnership with your workforce. However, this comes with a number of challenges:

- Given heightened expectations, people are more likely to look to social media and public opinion (as opposed to annual reports or press releases) for what they perceive to be more authentic stories about a brand or company.
- Employees will vote with their feet if the day-to-day experience of working for an employer doesn't align with the deal they were "sold," if the EX doesn't feel fair or if their future employability isn't being developed.



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The same goes for values. If there's a mismatch between an employee's principles and the company's, the employee may jump ship. For example, 75% of Gen Zers say they would look for a new job elsewhere in such a scenario.

Many companies publicly back the concepts of diversity, equity and inclusion (DEI). But if new hires find no relevant policies, programs or managerial action, they may well leave the company and "call it out" on social media. This negative messaging could amplify quickly and create a vicious cycle that dissuades others from joining the company.

High-growth companies are mitigating these risks and are more likely to trust and empower employees by balancing emotional intelligence (EQ) with IQ. This points to a new way of approaching the EX. So what can we learn from those companies that are getting it right?

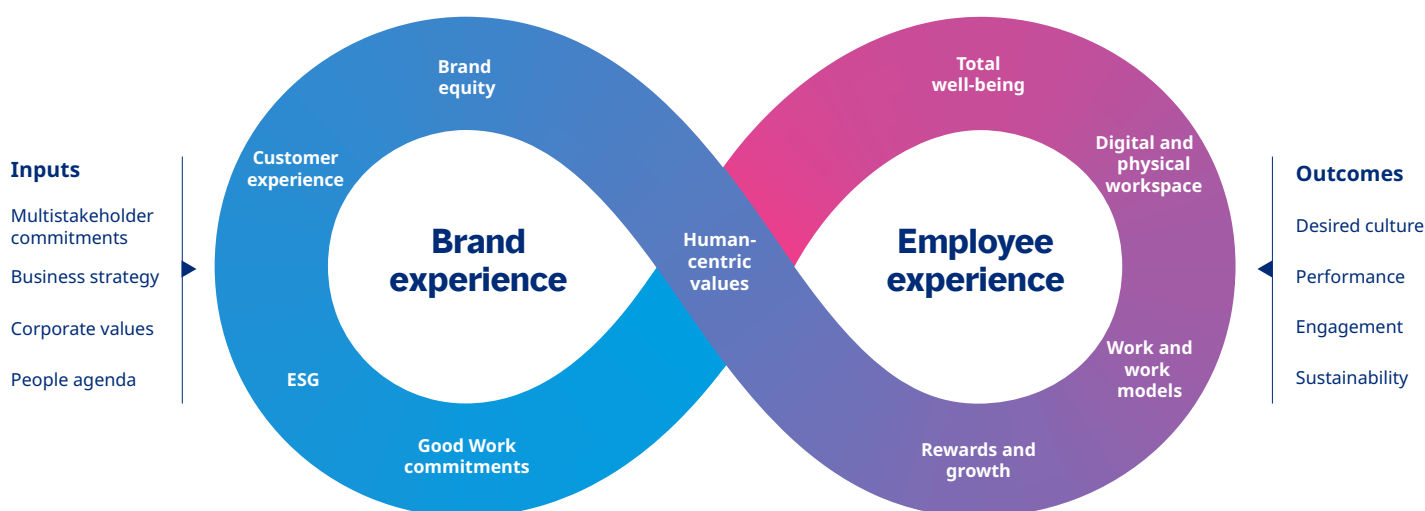
Leading firms are focusing on these essential elements of the EX:

- **The EX acts as a mirror of the brand experience (see Figure 1).** We've found that leading companies have a number of key inputs that feed into their brand experiences: their multi-stakeholder commitments, business strategies, corporate values and people agendas. The brand experience

of such companies is made up of four core elements: brand equity; the customer experience; environmental, social and governance (ESG) goals; and commitments to Good Work. This experience thrives when reflected in four key areas of the EX: total well-being, the digital and physical workspace, ways of working, and rewards and growth.

- **People-centric values and behaviors fuel both brand experience and EX.** Meeting employee needs is important, but leading organizations also keep a finger on the pulse of changing societal values that impact employee expectations. Companies typically do this through active dialogue and by putting sustainability first. Such tuned-in businesses are rewarded with improved performance and higher employee engagement, while workers enjoy a company culture that truly resonates with them.
- **Connecting the dots of EX.** Offering a connected EX across the four key areas identified above is critical. However, personalizing EX design to meet differing expectations (which vary by culture, life stage and the type of work being done) is what sets leading businesses apart. These businesses recognize that EX design should be intentional to minimize employees' frustrations and improve workforce energy.

Figure 1. The connection between brand experience and employee experience



Unlocking energy through a connected EX

How can employers unlock their people's energy? [People who feel energized by their jobs](#) cite the following as reasons they stay:



Flexible working policies



Opportunities to continuously develop and learn



The competitiveness of pay and rewards



Career opportunities



Fair pay practices

Energized employees thrive under intentionally designed experiences that enable them to perform at their best. They also want to feel that they're trusted to do their jobs. Our research shows that the following dimensions matter to these employees:

- **Enabling** experiences — made frictionless by providing the right tools, processes and skills that allow people to succeed with their teams at pace. A complex internal process drains energy and productivity and is the [number-two roadblock to successful transformation](#) cited by employees. While technology promises to fix these problems by improving productivity and collaboration, such solutions will only be successful if implemented as part of intentional EX design. HR therefore needs to move from doing digital projects to being digital. This will provide a more seamless experience for all.
- **Embracing** experiences — in which people feel they're part of a collective. This involves providing sufficient flexibility, social connection and job content

that aligns with people's values for better work-life balance. Managers and leaders will therefore need to spend more time creating social connections and finding ways to align work with personal values.

- **Empathetic** experiences — where people feel secure and heard. This doesn't just mean providing fair compensation, it also means providing the right support to ensure employees feel mentally well. This work will fall to managers, who will need to spend more time on relationship-building and redesigning work with employee well-being in mind. HR leaders will have to champion this work.

You don't need to deliver all these elements simultaneously. But enabling, embracing and empathetic experiences can overlap. For example, your reward strategy might [address the societal issues employees care about](#) — such as women's health or environmental sustainability — through the benefits on offer. Such a strategy would address both the embracing and empathetic dimensions of the EX.



Focus and scale your EX design with these steps


Good workforce intelligence is vital for designing an EX that engages and inspires. Firms that are ahead of the game are increasingly getting the information they need by [engaging their workforces in a two-way dialogue](#). These businesses are also applying design principles to gain a deeper understanding of the unique wants, needs and pain points of their employees; for example, through the use of personas. Indeed, [one in eight companies uses personas to consider what different workers want](#). These companies are using the insights they gain to reset partnerships with their employees. Combining this with interactive flows to co-create new employee experiences, continuously listening to employees and refining your EX will be critical to cultivating an environment that evolves as your people do.

Creating a more personalized EX requires thinking creatively about how the deal you make with your employees meets their changing expectations — without breaking the budget. You might consider offering additional benefits in lieu of a pay increase. The [top three reasons cited for giving up a pay increase in 2022](#) were a fully flexible or compressed work schedule, additional well-being benefits and the ability to work from anywhere.

Preferences also vary by age and generation. [Gen Zers want more](#) from their EX — they're seeking transparency, personalization and fairness. This isn't surprising as their generation is [struggling most with stress](#) in their everyday lives. Younger employees (under the age of 35) tend to care more about well-being and [express more interest in wellness programs and apps](#). Meanwhile, according to Mercer's employee listening data, employees over the age of 45 are often more focused on flexible work arrangements.

Given these issues, how can your organization thread the EX needle?

- **Leverage technology to better understand your people.** New technology is making a more personalized EX much more possible. In particular, advances have been made using AI-driven skills platforms, such as [internal talent marketplaces](#) and dynamic benefits platforms. The deeper insights provided by conjoint analysis and predictive analytics on health outcomes have also proved invaluable. These tools and approaches can provide data on numerous environmental factors and highlight differences in employee expectations. In doing so, they can provide a more accurate picture of each individual's circumstances and help HR make more focused investments.
- **Empathize with what your people truly want.** Practices such as design thinking, journey mapping and employee listening have never been more important. By establishing key personas (based on work functions, preferences and demographics), employers can better empathize with the diverse interests of different workforce segments. Journey mapping can build an understanding of a person's experience and define accountabilities. Such insights are critical for building an EX that energizes people (or at least doesn't sap their energy).



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- **Embed the EX into the employee value proposition (EVP) strategy and offerings.** Two in five companies think their EVPs need to improve. Many are revising their EVPs to address the areas that most affect why employees join and stay. Consider using conjoint analysis, focus groups and data (on issues such as benefits usage) to learn what's important to your current and future employees.
- **Over-index on communications and change.** Thirty-eight percent of executives say they've invested in EX but struggle with scale and sustainability. To address these problems, implement continuous change management interventions, and employ more relatable ways of communicating (such as using influencers and internal social platforms). These approaches are crucial for implementing EX design, but they often don't get the full attention they need.
- **Sustain HR's energy.** Designing and delivering a holistic EX requires pivoting HR's delivery model. It must be positioned to meet evolving employee

needs, technology expectations and the desire for personalization. However, HR is being pulled in many directions, and finding the sweet spot between strategic advisory and tactical support will be critical. Consider which actions and services are best delivered digitally and which need a personal touch. Leading companies are rethinking interactions across siloed functions, reorganizing services and redesigning roles to make them more people-centric (for example, by bringing in HR business partners or agile HR talent pools). Too many silos can make this harder to deliver.

The most appealing EX stories and creative EVPs come to life when they're embraced by everyone in an organization, not just by those at the top. Everyone in the organization must have a line of sight into their impact on the EX. Accelerate change by investing in sessions that not only equip managers to own key messages but align with multistakeholder commitments and cultural expectations.

Work in partnership to transform for the future of work

To unlock positive energy and help people thrive, you need to put people at the center of EX design and create a seamless experience tailored to individual needs. This will involve breaking down silos, having regular and honest conversations about how the world of work is changing and co-designing solutions. In addition, HR should design talent programs and processes that put people at the heart of the business.

Embracing digital tools that open the door to better communication, social connection, benefits and compensation will also help to streamline the EX. This is vital now that many workspaces are remote. For some companies, a culture change may be needed to foster intentional management behaviors that support the EX.

As companies transform for a more inclusive and equitable future of work, designing a connected EX will determine which employers remain attractive. To ensure your employees believe it's worth joining, staying and investing their energy in your company, the time for reimagining EX is now.

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Key questions for organizations to consider

- What do our people care about? What do they value? How can we get data about this to inform EX design?
- What one or two interventions would most improve our people's experiences today; what would improve them tomorrow?
- What's getting in the way of ensuring a fair, equitable and inclusive deal for all? Do some pockets of our business need EX attention now?
- Where do we have opportunities to prioritize and maximize total well-being with EX?
- Where might we have the balance of tech versus touch wrong in terms of how different populations interact with HR?
- What can managers do to foster an experience where people are engaged, feel they belong and are socially connected?
- What needs to be at the top of the list for HR if we're to lead the evolution of our EX?

EX aspects companies are addressing

- How can we (re)design and articulate the EVP to attract the people we need and stand out as an employer of choice?
- How can we improve experiences in people's careers and at work to ensure our company is where people want to stay?
- How can we ensure that a fair, equitable and inclusive deal is delivered to all?
- How can we embed workforce health, well-being and safety into today's EX?
- How can we unlock the full potential of digital tools while remaining people-centric?
- How can we foster an experience where people are engaged, feel they belong and are socially connected?
- How can our HR team transform itself to deliver outstanding EX?