Welcome to our Executive Roundtable

COVID-19: Scenarios for the
Future of Human Capital

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Welcome from the Team

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COVID-19: Scenarios for the Future of Human Capital

May 14, 2020

1. Introduction to Scenario Planning (15 mins)

2. Scenario Details with Likelihood and Preparedness (30 mins)

3. Implications Discussion (10 mins)

4. Wrap-up (5 mins)

Being a Digital Leader Has Never Been More Urgent

Mar 27, 2020   North America

While the COVID-19 pandemic may be a health crisis and shock to the system, it is driving the rapid adoption of digital technologies and ways of working needed for companies to stay relevant, according to Scott A. Snyder and Yulia Barnakova, co-authors of this opinion piece. Snyder is a senior fellow at Wharton and partner, digital and innovation, at Heidrick & Struggles. Barnakova is a principal, digital and innovation, at Heidrick & Struggles.

When the Mosaic browser, with its consumer-friendly interface, was
to the world in 1993, most had no idea how radically thi
era would transform our lives – both pe

TODD HEWLIN / SCOTT SNYDER

Goliath's Revenge

HOW ESTABLISHED COMPANIES
TURN THE TABLES
ON DIGITAL DISRUPTORS

Thinking like a
Disruptor Has Never
Been More Important

COVID-19: Shock to Our World and Significant Implications for the Future of Human Capital

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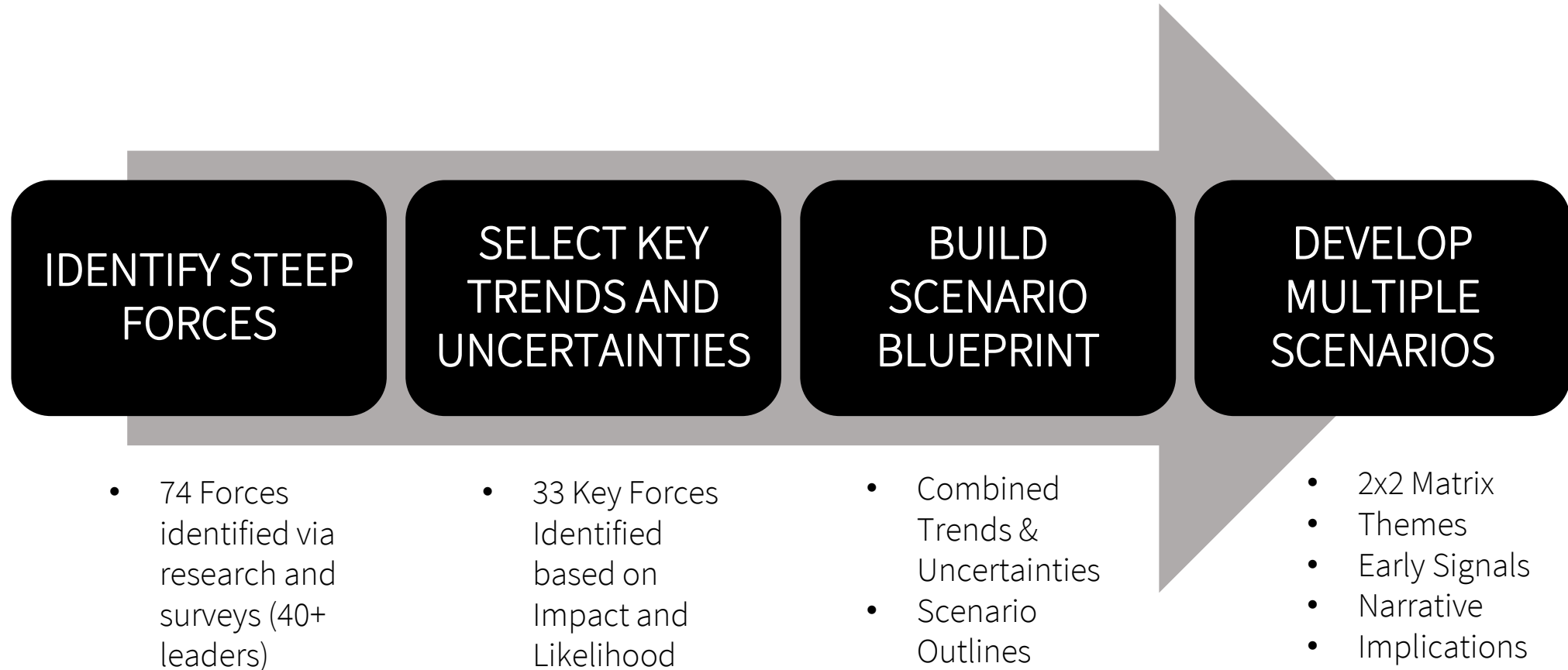CONSULTING

Scenario Planning: Conceptual Illustration

Instead of point forecasting which tries to predict the future, scenario planning presents a cone of possible "futures" to better account for the significant uncertainty in the external environment

We are here
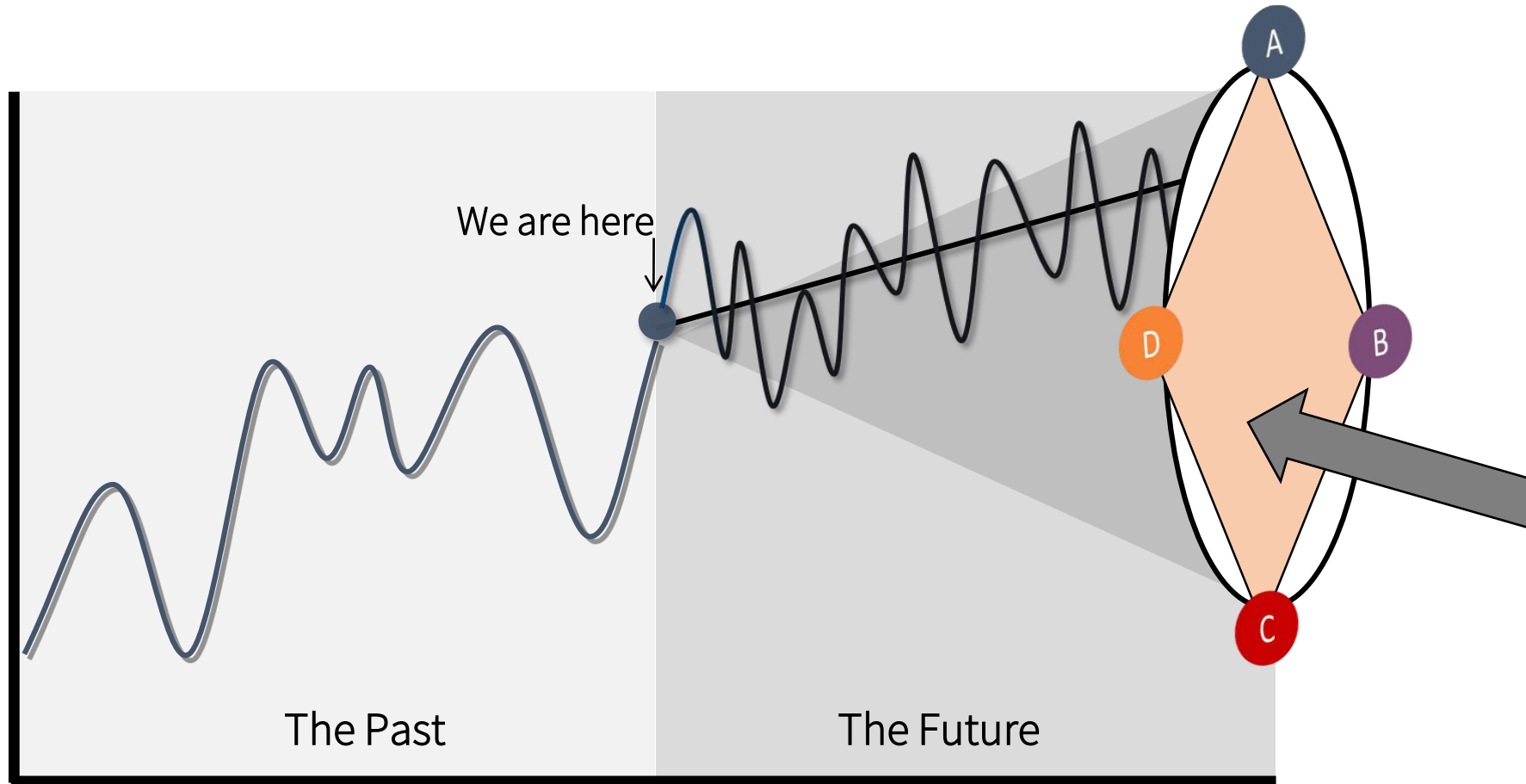
The future will likely fall somewhere in here.

A

D

B

C

The Past

The Future

Scenario Development Process

Trends and uncertainties are combined with different potential outcomes to generate a blueprint from which the scenarios are developed.

IDENTIFY STEEP FORCES	SELECT KEY TRENDS AND UNCERTAINTIES	BUILD SCENARIO BLUEPRINT	DEVELOP MULTIPLE SCENARIOS

- 74 Forces identified via research and surveys (40+ leaders)

- 33 Key Forces Identified based on Impact and Likelihood

- Combined Trends & Uncertainties
- Scenario Outlines

- 2x2 Matrix
- Themes
- Early Signals
- Narrative
- Implications

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STEEPC Forces Impacting The Future of Human Capital – Post COVID-19

S SOCIAL	**T** TECHNOLOGICAL	**E** ECONOMIC	**E** ENVIRONMENTAL / HEALTH	**P** POLITICAL / REGULATORY	**C** COMPETITIVE
▶ Virtual Collaboration Adoption ▶ Fear of Physical Interactions ▶ Collectivism vs. Individualism ▶ Attitudes towards Privacy ▶ Public trust in large organizations ▶ Level of Social unrest ▶ Generational differences in values and skills	▶ Automation displacing vs. augmenting workers ▶ Increasing Use of Digital Tools ▶ Increasing Use of Data/Analytics and Data Literacy ▶ Extent of Digital Divide ▶ Use of technology for tracking worker health/wellness ▶ Shift to online education	▶ Recovery of Global Economy ▶ Economic Volatility ▶ Growth of the Gig Economy ▶ Variation in recovery by industry ▶ Increase in Digital Channels for Serving Customers ▶ Growing economic disparity	▶ Persistence of COVID-19 as an on-going threat ▶ Change in delivery and funding of healthcare ▶ Manufacturing sources for healthcare/medical supplies ▶ Attitudes towards sustainability/being green	▶ Nationalism/protectionism vs. Globalism ▶ Government Intervention in Industries ▶ Government stimulus programs ▶ Polarization of political views impeding progress ▶ Immigration Policies ▶ Strength of Organized Labor	▶ Resource sharing across companies ▶ Shift to in supply chains and location of manufacturing ▶ Corporate Restructuring ▶ Size of available workforce

EXAMPLES
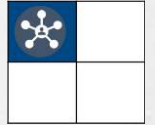
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2x2 Scenario Matrix for the Future of Human Capital

Social Trust

Low ←——————→ High

Economy

Rebound

Prolonged Recession

Digital Enclaves

Tech-powered Humanity

Growing Divide

In This Together

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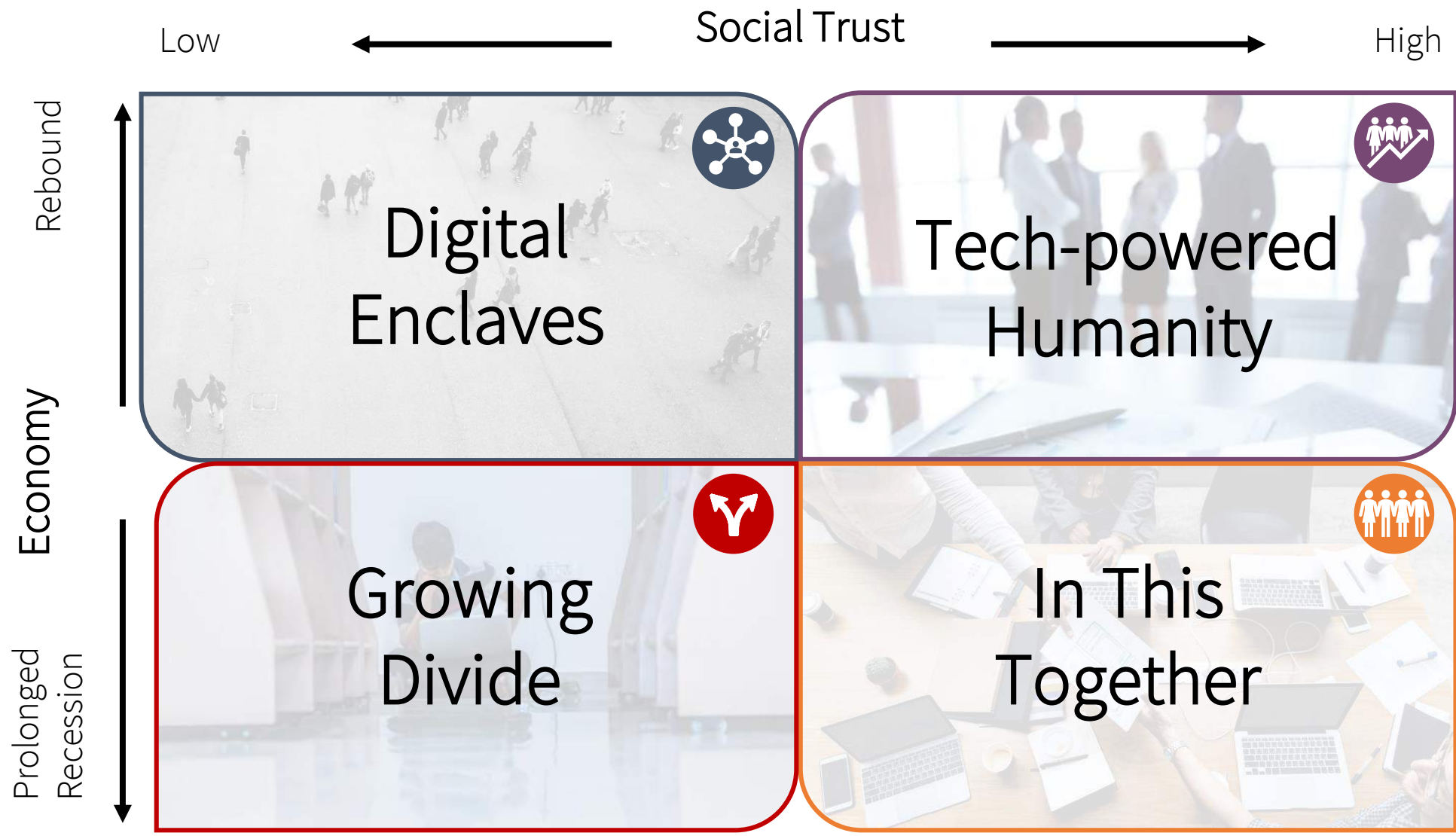
Digital Enclaves
Economic Rebound, Low Social Trust

A world in which the global economy has bounced back, but trust between people, organizations and countries remains mired in the protective measures of the pandemic.

How We Get There

Rapid, Yet Dramatic Virus Containment → Growing Digital Adoption → COVID-19 'Scar Tissue' Remains → New Ways of Working Drive Innovation

Key Themes

► New appreciation for **personal health and hygiene, self-diagnostics,** puts pressure on employers to **invest more in the workplace and employee safety**

► Greater **flexibility in sourcing talent,** as more jobs become remote,

► **Virtual selling tools and simulation/visualization of products** becomes the norm

► Need to supplement **traditional skillsets with digital micro-degrees** to stay relevant

► Rethinking of supply chains leads to **more local production**

► Workers in 'essential' industries (e.g., food, transportation) maintain hazard pay and **expect a risk premium**
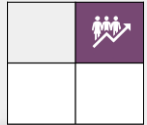
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POLL:
Scenario A
Digital Enclaves

- **How likely is this scenario?**

- **How prepared do you feel for this scenario?**

Tech-powered Humanity
Economic Rebound, High Social Trust

A world in which the global economy has bounced back, and the general public has come out of quarantine with a newfound appreciation for face-to-face interactions and in-person experiences.

How We Get There

| Virus and Economic Containment | → | Face-to-Face Interaction | → | Collectivism and Globalization | → | Innovation Augmentation |

Key Themes

► Health concerns related to COVID-19 subside and **people crave human interactions**

► Companies leverage **agile, low-cost, flexible operating methodologies** adopted during the pandemic

► Consumers expect **digital, transparent and intuitive** user experiences

► Company cultures must balance **periodic virtual work with the in-person social aspects** coveted during quarantine

► **Digital divide in the workforce lessens**, with a general upskilling to most roles across industries

► **Gig-economy booms**, strengthened by increased regulation protecting the security and benefits of contract and part-time workers
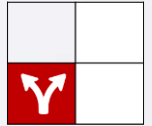
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POLL:
Scenario B
Tech-Powered Humanity

- **How likely is this scenario?**

- **How prepared do you feel for this scenario?**

Growing Divide
Prolonged Recession, Low Social Trust

A world in which a prolonged global recession and relative failure in virus containment has resulted in a collective "PTSD" that leaves profound economic and psychological scarring on the general public.

How We Get There

Virus Containment Ineffective → Digital-based Interaction → Nationalism and Tribalism → Transformation across Industries

Key Themes

► Massive **unemployment and severe mental health crisis**, also **eroding trust** in institutions and each other

► **Tracking technology** implemented resulting in "big brother" style workplaces

► Sensors and wearables for "proof of health" used by employers and governments – and becoming grudgingly accepted as the norm

► **Digital divide** in the workforce **grows substantially**

► Surplus of digital "have nots" and downsized budgets leads to **general slow-down in automation,** other than for quick-hit applications like RPA and basic robotics

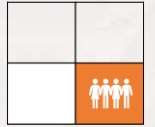► **Entire industries go under** while new ones (like **virtual talent brokers and VR sports arenas**) emerge

POLL:
Scenario C
Growing Divide

- **How likely is this scenario?**

- **How prepared do you feel for this scenario?**

In This Together
Prolonged Recession, High Social Trust

A world in which the global economy has faced a prolonged recession, and communities have pulled together to support those most physically vulnerable and economically in distress from the pandemic

How We Get There

Virus Mutation → Toxic Debt → Communities → Authentic Social Interaction

Key Themes

▶ **Enormous economic damage** - central banks have little headroom for interventions and a long, deep recession ensues

▶ Families and **communities pull together** to weather the storm

▶ **Authentic social interaction** becomes very highly valued after the Great Lockdown

▶ **Governments take stakes** in many industries and legislate to protect jobs, including gig economy

▶ **Digital business remains strong** - **digital skills flourish** at all levels, as all had to learn to survive

▶ **Automation supplements** rather than replaces jobs

▶ Company **interpersonal culture** very highly valued

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POLL:
Scenario D
In This Together

- **How likely is this scenario?**

- **How prepared do you feel for this scenario?**

Considering all the scenarios...

- **Three years from now** - what are the biggest challenges these scenarios present from a human capital perspective?

- **Between now and then** – what would you have to do differently from a human capital standpoint to be adequately prepared and thrive across these scenarios?

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Potential Themes to Explore via Scenarios

Where We're Headed	How We Organize	Our People & Leaders	Our Culture	Embracing Digital
How will we need to deliver **customer value** differently in the future?	Is our current **structure** optimal under different scenarios?	What **skills and capabilities** will be required of our leaders in the future?	What **cultural values** and behaviors will be required in the future?	How might **innovation**, R&D or product development look different in the future?
How should we reframe our **purpose** in a post-COVID world?	What key organizational **processes** may need to be retooled?	How well does our current **talent and workforce model** serve us in different futures?	How might our current **ways of working** be challenged by the needs of future scenarios?	What types of digital **platforms and systems** may be required?
How might our **business model** need to evolve?	How might **decision-making and governance** need to change in a virtual environment?	What **key roles** will become more critical in a post-COVID future?	How do we **empower employees** to drive 'little i' innovation?	How can we leverage **data and insights** to drive innovation?

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Example: Monitoring Weak Signals

1 Signal Collection

Backlog
(signals to be attributed to a scenario)

2 Scenario Signal Tracking

Most Americans are not willing or able to use an app tracking coronavirus infections. That's a problem for Big Tech's plan to slow the pandemic.

Open link ↗

UPS and CVS will use drones to deliver prescriptions in Florida

Open link ↗

Nearly Half of Men Say They Do Most of the Home Schooling. 3 Percent of Women Agree.

Open link ↗

Clearview AI Says It Will No Longer Provide Facial Recognition To Private Companies

Open link ↗

Uber Cuts 3,700 Jobs, Says CEO Waives Salary Amid Coronavirus Pandemic

Open link ↗

The coronavirus is further dividing rich and poor hospitals

Open link ↗

Social Trust → High

nclaves

Tech-powered Humanity

g Divide

In This Together

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Example: Stress Test of Existing Strategic Initiatives

Strategic Initiatives	Scenario A: Digital Enclaves	Scenario B: Tech-Powered Humanity	Scenario C: Growing Divide	Scenario D: In this Together	Initiative Score
Initiative	-2	-2	2	2	0
Initiative	-1	1	2	2	4
Initiative	1	2	-2	0	1
Initiative	2	0	1	2	5
Initiative	1	2	-2	2	3
Initiative	2	2	-2	0	2
Initiative	2	2	-1	0	3
Initiative	-1	-2	-2	-1	-6
Scenario Score	4	5	-4	7	

Scoring scale

(+2) Significant Positive Change (+1) Moderate Positive Change	(0) No change relative to base	(-1) Moderate Negative Change (-2) Significant Negative Change

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Scenario Planning/Adaptive Strategy Is a Continuous Journey
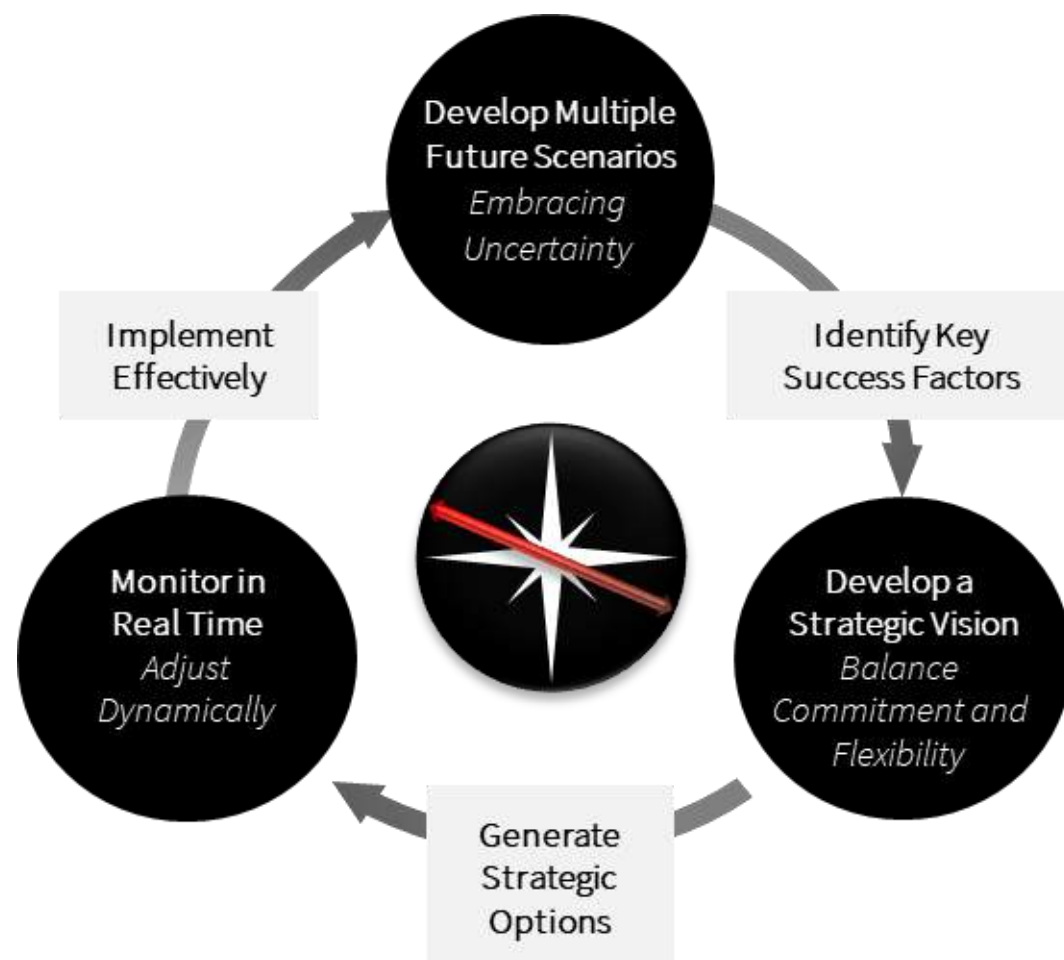
"Chance favors the prepared mind."

- Louis Pasteur

"In the middle of difficulty lies opportunity."

- Albert Einstein