1 Smart Work (More Remote, Lower Cost)

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Which smart work practices will remain after the crisis? How can we optimize for safety, productivity, and effectiveness while realizing cost savings?

- Who should work remotely in my organization?
- What should the newly balanced model be?
- Which tools do we need for remote collaboration?
- How do we keep motivation and productivity high?
- Can we translate changes to OPEX savings?

Find the right balance between on-site and remote...

for safety, productivity, effectiveness, and cost savings

On-site work benefits

- Easier communication and social interaction
- Better group creativity and problem-solving
- More "chance" encounters yielding potential benefits

Remote work benefits

- Easier social distancing
- Lower infrastructure costs
- Better environmental footprint
- Reduced commuting and travel time

and pull the right levers to make it work...

Smart office spaces & usage	Right technology & infra-structure	New travel policy	Purpose-driven sustainable culture	New leadership skills

Levers for successful smart work

Example

Insurance company

~40%
target for remote work

~20-40%
reduction in number of desks[1]

~10%+
reduction in leasing expenses

~20-40%
reduction in travel expenses

1. Based on 0.6 desks/employee
Source: BCG

Physical and Mental Health

How do we ensure employee safety? How can we manage increased stress and make working models sustainable?

- What physical health and safety measures should be maintained for rebound preparation?

- What mindfulness and mental health measures can help employees improve their wellbeing and performance?

- What innovative tools can we leverage to optimize for customization and access?

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Ensure physical health— non-negotiable for operations

1 | Update emergency protocols
2 | Create transparency for workforce
3 | Increase hygiene standards
4 | Guarantee social distancing
5 | Track infection chains

Example | App manages operational safety

Safe@Work
- Targeted information
- Crowd density alerts
- Contingency staffing
- Workspace management
- Compliance monitoring
- Self-reporting
- Infection tracing

Foster mental health—more critical than ever

Example | Service provider offers employees mental health training

Mental health training	Stress management	Positive thinking	Collective intelligence
	Habit review	Asking for help	Mindfulness
	Psychological safety	Emotion regulation	…

+22% Employee focus[1]

-30% Stress level[2]

-50% Burnout rate[2]

Flexible Workforce

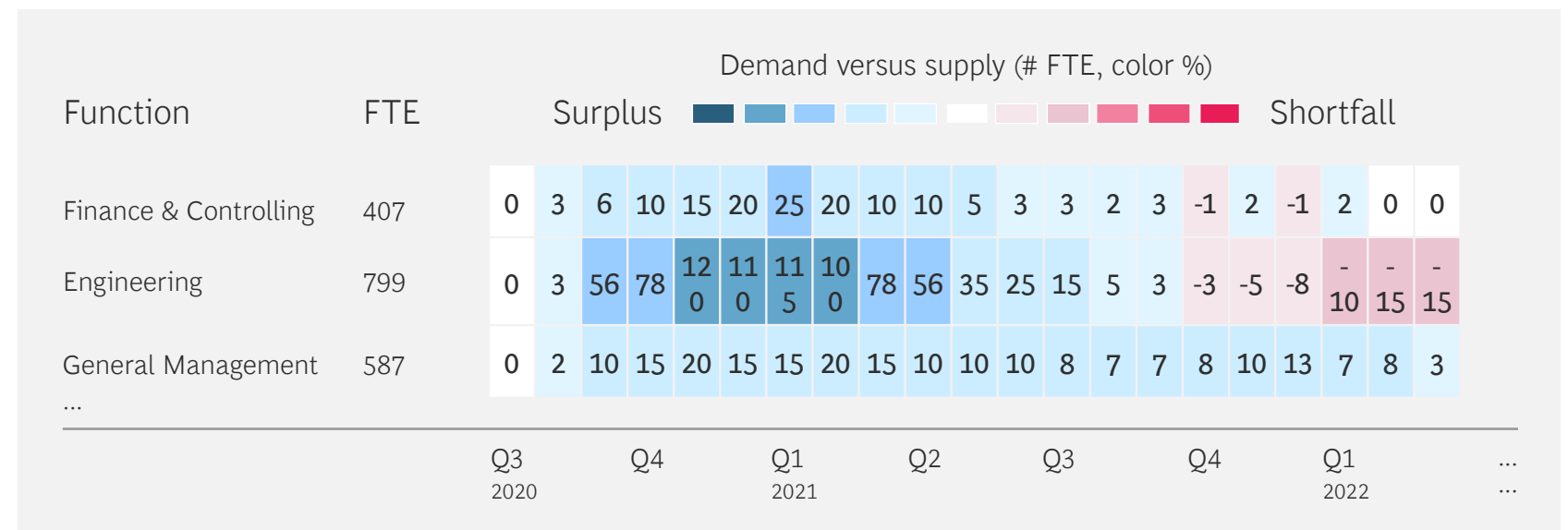## How do we translate the changing business demands to dynamic workforce adjustments?

- Which areas are most critically affected by smart work?
- Do we expect capacity gaps and surpluses in any of the areas?
- What measures can we take to manage the gaps?

Understand changing demand and the impact on staff functions...

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Demand versus supply (# FTE, color %)

Surpluses and shortfalls per function month by month via planning model

Surplus ▮▮▮▮▮▮▮▮▮▮▮▮ Shortfall

Function	FTE																		
Finance & Controlling	407	0	3	6	10	15	20	25	20	10	10	5	3	3	2	3	-1	2	-1	2	0	0
Engineering	799	0	3	56	78	120	110	115	100	78	56	35	25	15	5	3	-3	-5	-8	-10	-15	-15
General Management ...	587	0	2	10	15	20	15	15	20	15	10	10	10	8	7	7	8	10	13	7	8	3

| Q3 2020 | Q4 | Q1 2021 | Q2 | Q3 | Q4 | Q1 2022 | ... |

then manage the surplus/gaps proactively

Reduce employee capacity

- Reduce overtime
- Extend vacations
- Furloughs, leaves
- Short-time work
- Terminate contractors
- Stop hiring/promotion
- …

Optimize personnel factor costs

- Leverage governmental support
- Delay/reduce voluntary payments
- Reduce other expenses (e.g. travel)
- (Re)negotiate tariffs
- …

Repurpose workers for other activities

- Insource: replace ext. with int. workers
- Second people to other organizations
- Pool talents across or within industry
- Support pro bono work
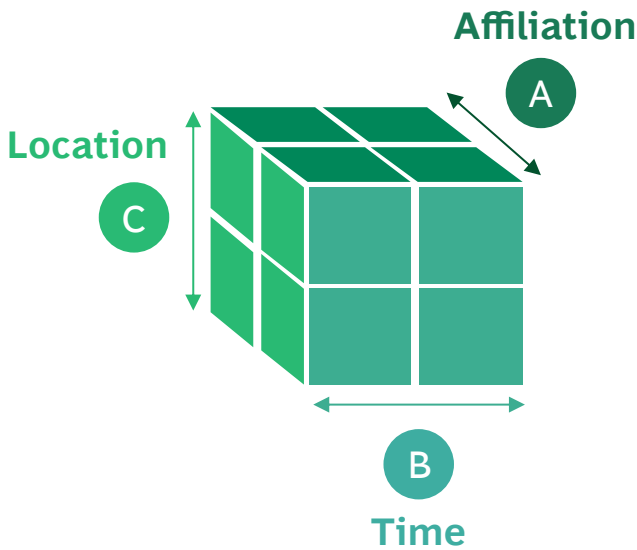- …

Ramp up/ shift capacity

- Bring back alumni/ part-timers
- Offer inducements
- Leverage talent platforms
- Expand automation of work
- …

Example | Companies Leverage Flexible Work Models in Three Dimensions

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(3) Flexible Workforce

Dimensions of flex-work models

(A) Affiliation

Contracted ⟷ Contingent

Leverage flex-talent options: use gig economy platforms, share workforce with partners in your ecosystem, etc.

Example
Pharmaceutical company

Uses on-demand talent

Rapid spin up/down of research teams in changing clinical trials results in much lower cost

(B) Time

Full-time ⟷ Part time

Individualize flex-time options, such as part time work adapted to team specifics, life stages, and nature of work

Example
Facilities management firm

Introduces flex-time

Initiative lets employees craft individual flex-time work options with their managers

(C) Location

Onsite ⟷ Remote

Introduce flex-location options, such as offering remote work adapted to needs, possibilities, and nature of work

Example
Health care provider

Pilots remote working

Call center staff leveraging special at-home technology saves space and attract better global talent

1. Management
Source: BCG

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How can we quickly up- and re-skill our talent in line with changing ways of working and business demand?

- Which skills are becoming more critical and should be development priorities?
- How do we assess employees' current skill level?
- What should an integrated learning journey look like?
- How do we source talent in the New Reality?

Determine who needs which skills in the future... and source proactively

Illustrative

Capabilities

Digital

Job function	Digital Business		Digital HR		Adv. Analytics	
	Digital business models & ecosystem	...	Build employee journeys	...	Robotic process automat...	...
1 Lead/Global Business Partner	A	A	B	A	A	B
2 Talent Attraction (incl. student)		A	B		B	B
3 Learning Program Manager	A		E			B
4 ...						

☐ Not directly relevant	A Awareness "I know"	B Basic "I can apply"	E Expert "I can teach"

Bring back
Alumni talent pools

Borrow
Gig economy and contract labor

Buy
Tech-enabled recruiting

Ro(bot)
Automation

Build
Training and development

Example | Household products retailer builds offline workers' digital skills

Majority of salesforce skilled for sales in 150 **offline stores**

Offline sales limited due to **shutdown**

Digital skills lacking for acceleration of online sales

→

Virtual training to drive customer acquisition on third-party online tools

Conversion of offline staff to digital salesforce within one week

→

Acquisition of **~20k** new customers

Source: BCG

Leadership with Head, Heart, and Hands

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What have we learned about our firm's leadership capabilities in this crisis and how can we prepare it for the future?

- What do leaders need to do now?
- How can we build capabilities of frontline leaders?
- How can we drive behavior change?

Envision, inspire, and execute on three topics and timelines
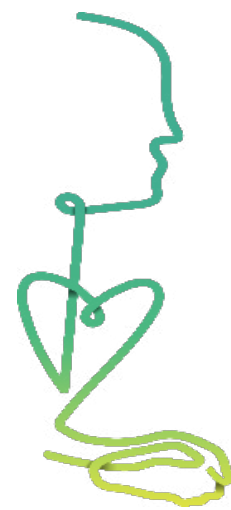
Head
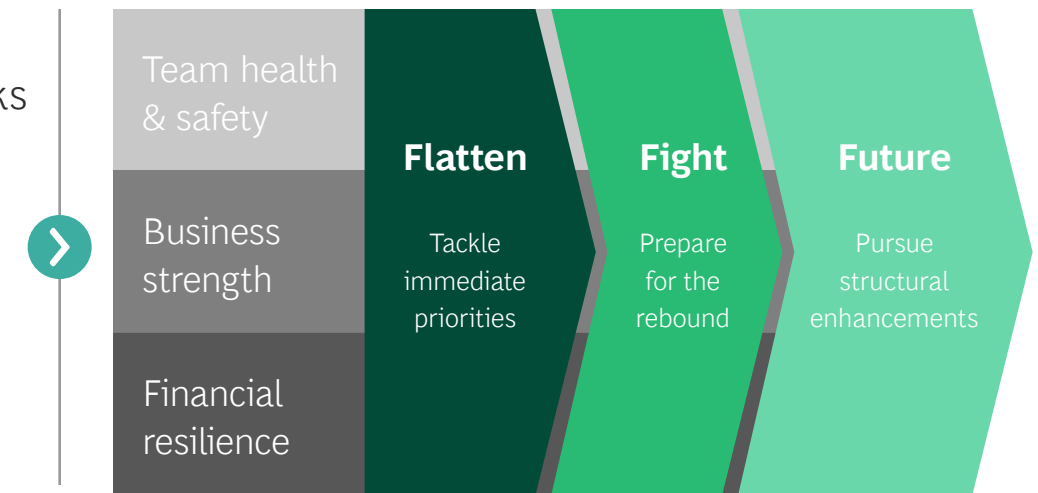Envision the future and focus on the big rocks

Heart
Inspire and empower your people

Hands
Execute and enable with agility

	Flatten	Fight	Future
Team health & safety	Tackle immediate priorities	Prepare for the rebound	Pursue structural enhancements
Business strength			
Financial resilience			

Example | Mining company uses head, heart, hands to communicate to employees

Head

CEO announces plans for **business continuity**

Recruiting director **lowers** intake **targets** but **continues campaign**

Plant manager **limits production** but **pursues maintenance**

Heart

Coworker mobilizes sponsorship for **community support projects**

Board members communicate via **video messages from home**

Team lead checks-in with team members via **daily video chats**

Hands

COVID task force regularly **updates work guidelines**

Line managers **push changes** in work schedules **via employee app**

Directors host **town hall meetings** to directly **address concerns**

Source: BCG

6 **Purpose-Driven Culture**

What did the crisis teach us about our organization's purpose and culture and how should we shape it for the future?

- How should we lean into our purpose and vision?
- Do we need to adapt our culture?

Link purpose, strategy, and culture to succeed in the new reality

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Purpose	Strategy	Culture
Why we exist guides what we should do	**What we do** guides how we act	**How we act** guides our success

2.5x
Increase in productivity when employees are inspired

3x
More likely to succeed when strategy, purpose, and culture are linked

2x
Higher TSR performance when company culture is aligned

Example | Supermarket leans into purpose in reaction to COVID-19 crisis

Purpose	Updated strategy and culture
"Feed the Nation"	› launched **new ways to deliver groceries** to customers › created dedicated **call center for** customers who **cannot shop online** › implemented faster payments to **secure cashflow of smaller suppliers**

Source: BCG

Resilient and Bionic Organization

How can we rapidly simplify our operating model to prepare for the new reality?

- How can we increase productivity with a new operating model?

- How can we simplify the organization quickly and reduce costs?

- How do we enable more agile ways of working and increase resilience?

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Pull key levers to accelerate org design for the new reality…

Structure & Roles	Work & Ways of Working	Leadership, Culture, & Capabilities

Near-term:
Prepare for strongest possible crisis impact
> **Cost efficiency and productivity**

Mid-/long-term:
Prepare for rebound and pursue structural enhancements
> **Agility and resilience**

following five-step logic

1 | Rapid assessment of current state and future needs to prioritize areas of focus

2 | Finding the 'Big Rocks'—no-regrets moves for rapid cost take out

3 | Defining meaningful changes to the operating model for the New Reality

4 | Accelerated implementation across the full organization

5 | Start of transition to Resilient and Bionic Organization with agile and digital structure, processes, and talent

Source: BCG

Leaders Must Assess Current Capabilities and Strategic Importance as They Chart Their Priorities

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A | Quick assessment of current capabilities and strategic importance of New Reality topics

	Topic		Current capabilities Low ... High				Strategic importance Low ... High			
			1	2	3	4	1	2	3	4
1	Smart work (more remote, lower cost)	Realize the cost upsides ...	☐	☐	■	☐	☐	☐	■	☐
2	Physical and mental health	Promote wellbeing and resilience ...	☐	☐	■	☐	☐	☐	■	☐
3	Flexible workforce	Make your planning dynamic ...	☐	■	☐	☐	☐	☐	■	☐
4	New paradigm for skills and talent	Create an adaptive learning ecosystem ...	☐	■	☐	☐	☐	☐	■	☐
5	Leadership with head, heart, hands	Lead with empathy and direction ...	☐	☐	■	☐	☐	☐	☐	■
6	Purpose-driven culture	Align purpose, vision, and values ...	☐	■	☐	☐	☐	☐	■	☐
7	Resilient and Bionic organization	Simplify your operating model ...	☐	■	☐	☐	☐	☐	■	☐

Source: BCG

B | Identification and prioritization of key initiatives and next steps

Illustrative

Axes: Current Capabilities (vertical, Low at top, High at bottom); Strategic Importance (horizontal, Low to High)

Plotted items:
- Working models
- Purpose, vision, & values
- Dynamic work-force planning
- Virtual collaboration
- Physical health capabilities
- Balances remote and on site work
- Data and digital platforms
- Adaptive learning ecosystem
- Mental health & mindfulness
- AI and algorithms
- Empathy, coaching, & direction
- Rewards & compensation systems
- Reflective culture
- Enablement & empowerment
- ...
- Digital capabilities
- Sustainability & social impact

Legend:
- ☐ Future differentiators
- Mid-term initiatives
- First changes