

Reinventing for the new shape of work

The COVID-19 pandemic has changed the way we work and live. Organizations are alternating between the phases of *respond*, *return* and *reinvent*, depending on the course of the pandemic, government responses and the resilience of their industry and business. This constant state of flux is the new normal, and this is driving a need for unprecedented adaptability, resilience and humanity. At the same time, organizations are embracing many aspects of what was once termed the “future of work” at breakneck speed. There is an opportunity now for a fundamental shake-up, which was already on the cards before COVID-19. Mercer’s **Global Talent Trends Study 2020** revealed 98% of executives planned to redesign their organizations to make them future-fit. The World Economic Forum’s “**double-disruption**” scenario is clearly in sight, with a pandemic-fueled recession and **a new shape of work** emerging — one that has profound implications for people, employers and investors.

Companies that balanced economics and empathy bounced back faster after the last recession. The lesson is clear: change from employees as costs to employees as investments



Reinvent for Value

What people value and how value is created is shifting. This requires a rethink of the benefits that inspire and how the TVP needs to evolve for a more diverse inclusive work model.



Reinvent for Flexibility

COVID-19 has tested our ability to flex how and where we work, to rapidly adjust capacity, and accelerate digital transformation. The new shape of work is flexible and skills-based.



Reinvent for Sustainability

How companies and investors behave is in sharp focus as they reset priorities and take collective responsibility for the futures of multiple stakeholders.



Meeting the expectations of a new age requires dual vision: We have to focus on immediate priorities, but we will fall behind without a future-first strategy

As organizations start to design their desired future state, they are exploring three interconnected avenues: **Reinvent for Value, Reinvent for Flexibility, Reinvent for Sustainability**. Each area addresses different challenges and uncovers different opportunities.

Reinvent for Value

What people value and how value is created has shifted. Changing consumer preferences have affected business models and organizations are now looking to *design around value creation* and incentivize transformation towards these new and emerging business models. At the same time, what employees value from their employer and the employment deal has also shifted. Even before COVID-19, **investment in health and well-being** was the primary workforce trend. During the pandemic, **employee health and well-being** took center stage, and the talent value proposition (TVP) needs to adjust to this new reality. This requires a rethink of the *benefits that truly benefit* — the more **varied the resources on health and well-being** an employer offers, the more workers feel energized and less likely to leave. It also requires an evolution of the TVP for a more diverse, inclusive work model that aligns around what people value. The conversation is already moving from one of “employee costs” to the level of “employee investment” needed to attract, retain and ensure productivity. With transactional employment relationships evolving into more trust-based ecosystems, there is closer examination from both workers and employers on the return on value (ROV) of various parts of the total reward proposition.

Challenge yourself:

- *How are you learning about what your people truly value in your benefits? How informed are you of the trade-offs employees would make within their current employment deal?*
- *How can you adjust your benefits model and talent value proposition to meet the needs of the diverse workers that make up your organization?*
- *What changes will drive agility in your work structures and work processes? What rewards will incentivize people to embrace and sustain these changes?*



Reinvent for Flexibility

COVID-19 has tested our ability to **flex how and where we work**, challenged companies to rapidly downsize and/or gear up capacity to match demand, and **accelerated digital transformation** plans. Before the global pandemic, executives thought **just 45% of their workforce could adapt** to the future of work. The crisis proved the opposite: the question is no longer which employees can adapt, but how the organization can. As a result, organizations are seeking ways to build unprecedented flexibility into their business models and people practices to meet new realities and stave off future shocks. Leading companies are fusing together the best of the pre-COVID era (including global outreach and outcome-led actions) with new work and health models based on *digital working and living*. Over two-thirds of employers say they are likely to **invest more in digital health** in the next five years to deliver **adaptable, resilient benefits**. They are also driving attention towards digital tools, digital working and distributed collaboration skills — particularly as one in three

companies anticipate **half or more of their workforce will be remote** even after the pandemic subsides. Flexibility also includes building a more flexible talent model that delivers a *skills edge* at the right price and pace as well as people programs designed to support *flexible working* and *life stage flexibility* — two hallmarks of personalization.

Challenge yourself:

- *Why is flexible working important to your business (productivity, sustainability) and what is your vision?*
- *How can you build a more flexible talent model that delivers future skills? How are you reshaping and reskilling your workforce through disruption? What is needed to do this with speed and scale?*
- *How are your digital tools helping you to deliver a superior employee experience? Are they delivering the insights needed to stay ahead of employees' expectations?*



Reinvent for Sustainability

Companies and investors alike are taking collective responsibility for the futures of multiple stakeholders. *Business sustainability* through cost optimization, while critical, is not enough to design bright futures. There is an increasing focus on **Environmental, Social and Governance factors** — both risks and opportunities. Before the pandemic, 85% of business leaders agreed that **an organization's purpose** goes beyond shareholder primacy. Since COVID-19, two-thirds of companies have continued or accelerated their work on a multi-stakeholder agenda. Making this happen while contending with near-term priorities is tough. Yet, it has never been more critical to build new models of success that take account of broader outcomes and include a more **diverse agenda** across transformation plans and responsible investment strategies. Leading companies are demonstrating their commitment to an overall purpose, to their people and to the planet through *sustainable transformation and*

commitments to decarbonize. This thinking is permeating what it means to be a responsible employer, including explorations of net neutral job losses and reskilling commitments. Failing to take this opportunity to not just reset, but also rethink, priorities will leave organizations behind in competing for investors, future talent and customers.

Challenge yourself:

- *Where should we focus for ESG impact, given our purpose, our passions and the industry we are in?*
- *How are we ensuring diversity, equity and inclusion (DE&I) are a bedrock of our business?*
- *What are we doing to meet people's welfare needs throughout the employee lifecycle, and support the societies in which we operate?*

Shaping the future agenda

Debates will continue regarding what forces will galvanize the new world of work. Yet it is clear that as we enter a new chapter we need to drive a future-first view in our plans. A future unwritten is a future of opportunity. Seizing that opportunity demands brave transformation.

Contact Mercer to learn more about how companies are **reinventing the new shape of work**.