Today's HR Function:

Shifting from Transformation to Reinvention

October 2020

Willis Towers Watson

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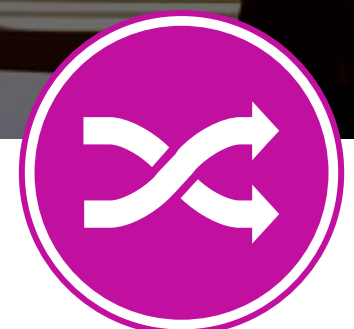
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Agenda

HR change & the new normal

HR 4.0: Shaping people strategies

Unilever Case Study

The role of the Chief People Officer

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HR change & the new normal

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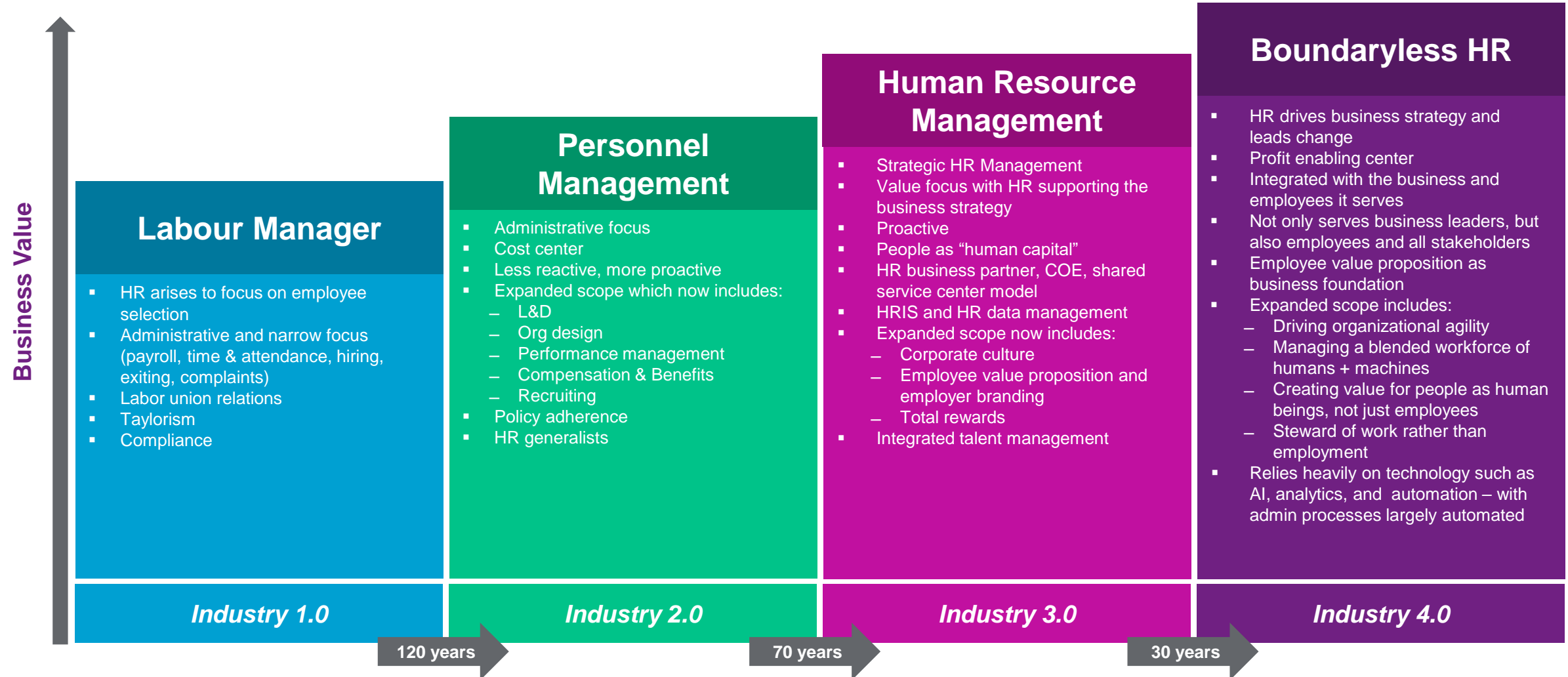# Challenges and opportunities resulting from COVID-19

How we need to work today and beyond

Percent of organizations that have taken action, planning to or are considering

1	Responding with agility	63% redeploy (and potentially reskill) workers to support another function
2	Leaning into the broader ecosystem	20% borrow or lend talent to another organization
3	Virtualizing work and its implications	57% shift when and where work is done
4	Digitalization and analytics	48% automate certain aspects of work to streamline and/or increase productivity
5	Balancing needs of all stakeholders, with many leaning into stakeholder capitalism	21% add new or additional ESG-related performance metric(s) to director short-term incentives this year or next

Source: Willis Towers Watson Readiness Plans for Resetting Business Operations survey of 514 global employers, 2020

Industrial revolutions have prompted HR to change – and now is the time for HR to evolve again into Boundaryless HR

Business Value →

Labour Manager

- HR arises to focus on employee selection
- Administrative and narrow focus (payroll, time & attendance, hiring, exiting, complaints)
- Labor union relations
- Taylorism
- Compliance

Personnel Management

- Administrative focus
- Cost center
- Less reactive, more proactive
- Expanded scope which now includes:
  - L&D
  - Org design
  - Performance management
  - Compensation & Benefits
  - Recruiting
- Policy adherence
- HR generalists

Human Resource Management

- Strategic HR Management
- Value focus with HR supporting the business strategy
- Proactive
- People as "human capital"
- HR business partner, COE, shared service center model
- HRIS and HR data management
- Expanded scope now includes:
  - Corporate culture
  - Employee value proposition and employer branding
  - Total rewards
- Integrated talent management

Boundaryless HR

- HR drives business strategy and leads change
- Profit enabling center
- Integrated with the business and employees it serves
- Not only serves business leaders, but also employees and all stakeholders
- Employee value proposition as business foundation
- Expanded scope includes:
  - Driving organizational agility
  - Managing a blended workforce of humans + machines
  - Creating value for people as human beings, not just employees
  - Steward of work rather than employment
- Relies heavily on technology such as AI, analytics, and automation – with admin processes largely automated

Industry 1.0	Industry 2.0	Industry 3.0	Industry 4.0

120 years →   **70 years** →   **30 years** →

The inevitable evolution of HR requires specific skills and will result in new roles

Emerging HR skills

The new reality requires reskilling HR to keep pace

Data science	**Systems thinking**	**Design thinking**
Story-telling	**Decision science**	**Analytical skills**
Innovation	**Cross-functional thinking**	**Behavioral science**

Technology, automation and data

Analytics, connected data, visualization, machine learning and artificial intelligence will inevitably take over administrative and easy to automate activities, and thus will force HR to augment value adding tasks.

New mindset

Cross-functional alignment and working, as well as boundaryless co-creation of solutions (with other functions and business) call for a new mindset: simple, agile, fail fast, compassionate, customer-centric!

While HR will more and more work in agile HR expert teams of multi-skilled problem solvers, employees and managers will perform many activities themselves (tech-enabled).

Emerging roles

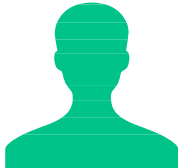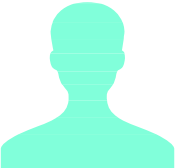|			
Cultural advisor	Digital HR lead	HR data analyst	Head of work reinvention and reskilling
Head of relevance and purpose	Employee experience specialist	BOT monitor	Chief learning officer
Head of insights	I&D officer	Mindset coach	Change management officer
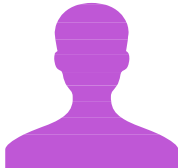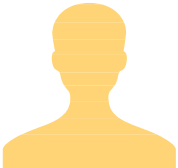
HR 4.0: Shaping people strategies

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Six imperatives to address what business leaders, partnering with HR, can do to deliver effective change

Imperative 1
Developing new leadership capabilities for the fourth industrial revolution
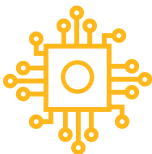
Imperative 2
Managing the integration of technology in the workplace

Imperative 3
Enhancing the employee experience

Imperative 4
Building an agile and personalized learning culture

Imperative 5
Establishing metrics for valuing human capital

Imperative 6
Embedding inclusion and diversity

Which of the following business imperatives has your organisation prioritized?

- ❑ **Developing new leadership capabilities**
- ❑ **Managing the integration of technology**
- ❑ **Enhancing the employee experience**
- ❑ **Building an agile and personalized learning culture**
- ❑ **Establishing metrics for valuing human capital**
- ❑ **Embedding inclusion & diversity**
- ❑ **All of the above**
- ❑ **None of the above**

The journey to changing the nature of leadership styles in an organisation

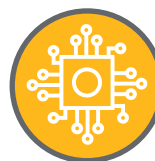| From	To
Administrative leadership	Purpose-driven leadership
Reactive leadership	Adaptive leadership in uncertain contexts
Building teams	Building culture
Command & control	Orchestrator & coach
Centralize innovation	Co-create innovation across the workforce

The journey to changing the nature of how organizations orchestrate the work ecosystem

From	To
Redundancy	Reskilling & redeployment
Job automation	Job reinvention
Organization (within the walls)	Ecosystem (beyond the walls)

The journey to changing the nature of how organizations build employee experience for the next generation of talent

From	To
Employee engagement	Holistic employee experience
Financial reward	Purpose and meaning
Full-time employees	All talent
Organization	Individual, organization and society

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The journey to changing the nature of how learning is approached in an organization

From	To
"Know it all" mindset	"Learn it all" mindset
Planned learning programs	Lifelong learning culture
Periodic learning	Continuous, digitally-enabled learning
Company-directed learning	Self-driven learning
Homogenous learning	Personalized learning

Imperative 5 — Establishing metrics for valuing human capital

The journey to changing the nature of how organizations measure organizational health and human capital

From	To
Business strategy	Business and talent strategy
Financial metrics	Integrated financial, operational and human capital metrics
No standard human capital metrics	Viable and scalable human capital metrics

The journey to changing the nature of how I&D is approached in an organization

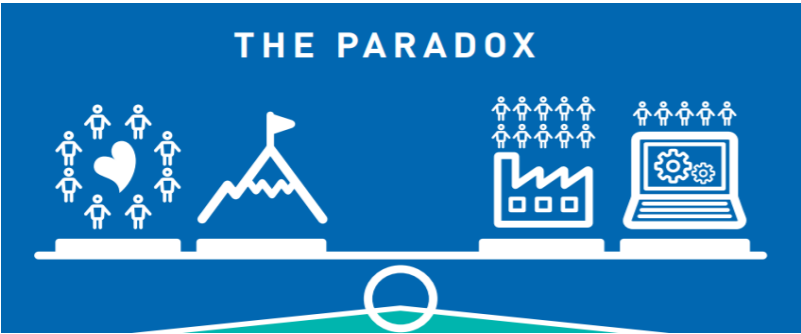| From	To
Diversity for compliance	Foundational culture of I&D
I&D specific policies	D&I integrated into recruitment, rewards, talent & performance management
Targets and quotas	Targets combined with culture and mindsets

Unilever

Case study

2.5bn consumers reached

48k suppliers

190 countries

60% sales in emerging markets

12 billion euro brands

1.3bn people helped to improve health and hygiene

Unilever

14 of the top 50 global consumer brands

Home Care 21%

Beauty & Personal Care 42%

Foods & Refreshment 37%

90% local leaders

Lifebuoy · sunsilk · Dove · Knorr · LUX · Vim · Brooke Bond · Sunlight · Rexona · closeup · Comfort · Lipton · POND'S · Pepsodent

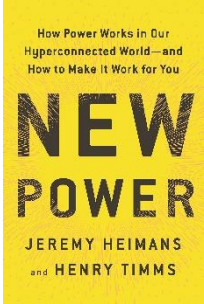# The framework for Future of Work

THE PARADOX

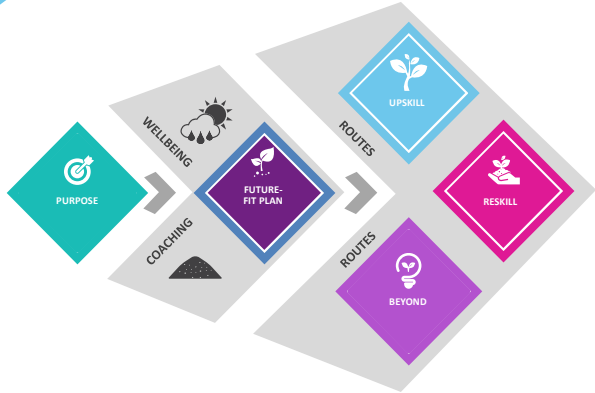**Purpose-driven Strategy & Compass**   **VS**   **Jobs & People**
Digital Disruption
Routine work automated- c. 35% of workforce

Change the way we change

Ignite **lifelong learning & critical skills**

PURPOSE   WELLBEING   COACHING   FUTURE-FIT PLAN   UPSKILL   RESKILL   ROUTES   BEYOND

Create **New Employment Models**
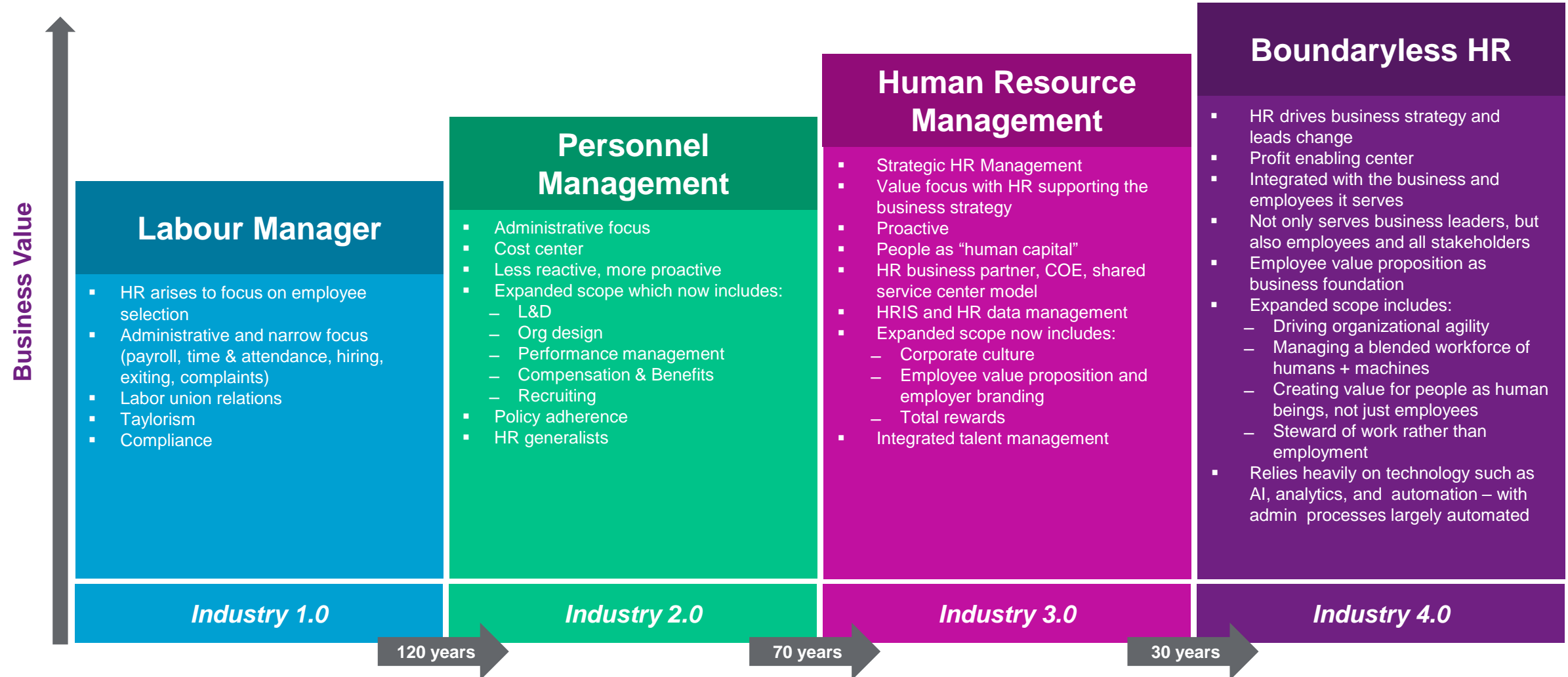

FLEXIBILITY FOR YOU   FLEXIBILITY FOR UNILEVER   NEW WAY OF WORKING

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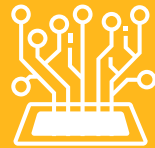# The role of the Chief People Officer in redefining high performance HR

The Future of the Chief People Officer

Push boundaries to power organizational agility

How do CPOs become the architect of the organization's vision for the future while steadying its foundation?

Unleash digital enablement

How do CPOs accelerate digital enablement for the business, work experience and HR?

Embrace perpetual work reinvention

How do CPOs enable optimal combinations of humans and automation and a shared commitment to continuous learning?

Rethink culture and leadership

How do CPOs shape a culture that empowers leadership at the edges in an inclusive work ecosystem?

Elevate HR decision science

How do CPOs combine data and decision science to spark future-focused insights and human-centered innovation?

SHRM EXECUTIVE NETWORK
HR PEOPLE + STRATEGY

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Push boundaries to power organization agility
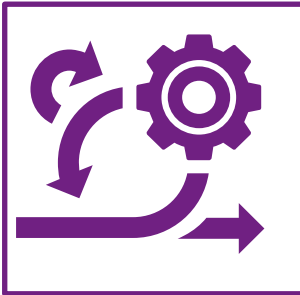
99% of respondents believe the HR executive must have **agility and courage** to evolve and the steadiness to support the organization through future complexity
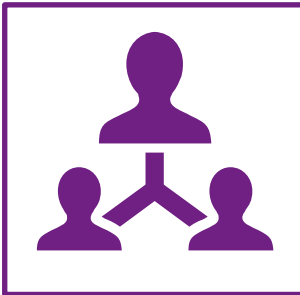
…yet only **35%** believe that today's CPOs are prepared to respond to this future complexity.
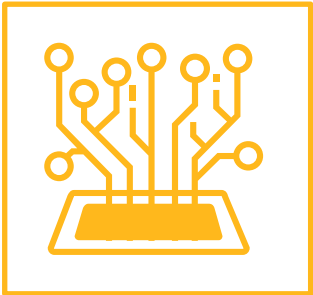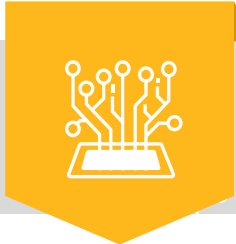
Source: 2019 Future Chief People Officer Study

Unleash digital engagement

"
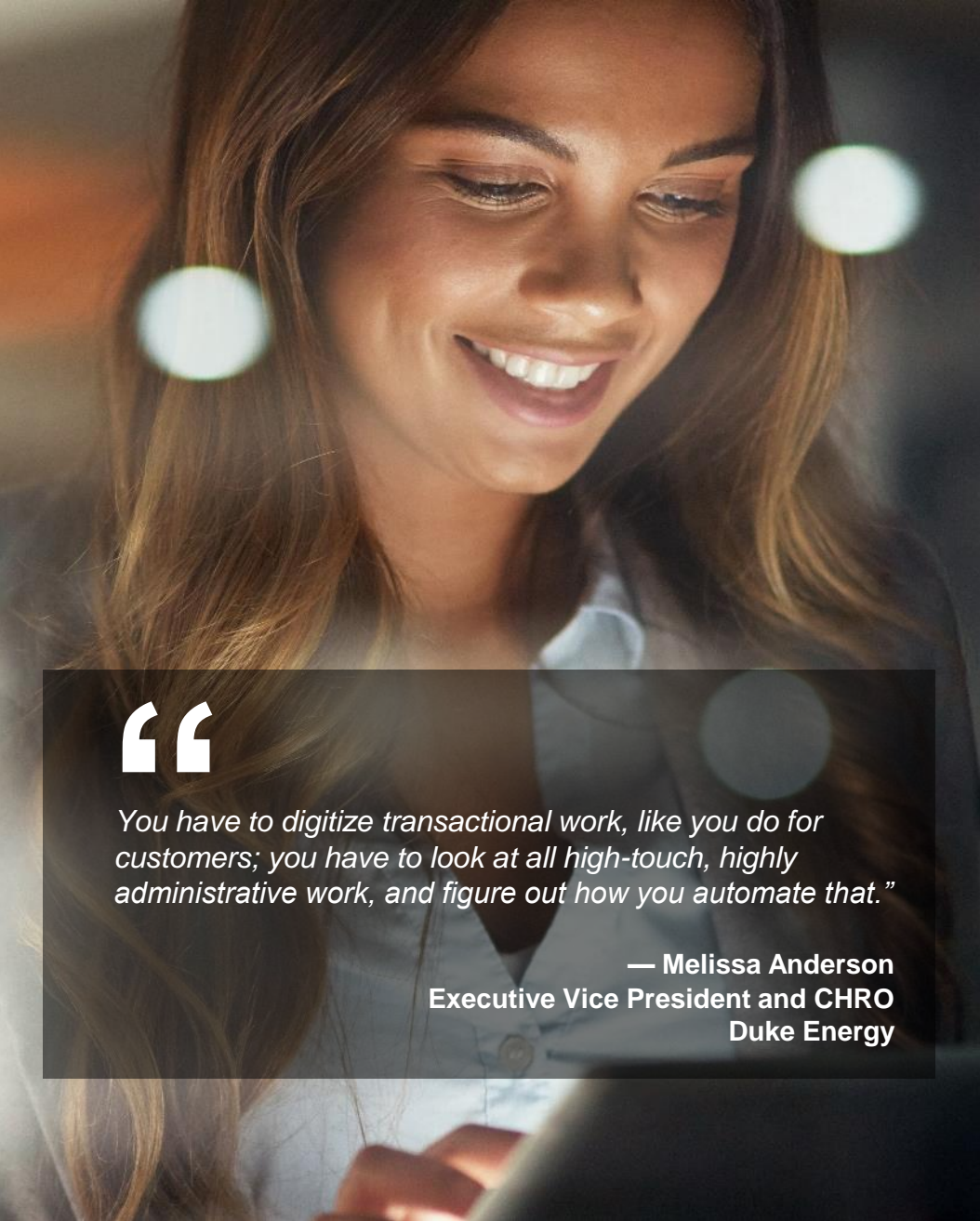
You have to digitize transactional work, like you do for customers; you have to look at all high-touch, highly administrative work, and figure out how you automate that."

— Melissa Anderson
Executive Vice President and CHRO
Duke Energy

36% indicated CPOs of today are prepared to think about how technology can be used to execute work roles in the future.
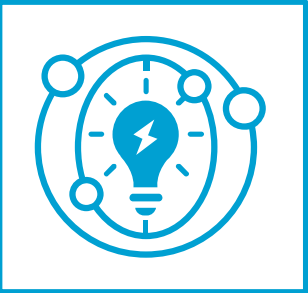
**26%** say they have the technical acumen to evaluate new technologies.

Source: 2019 Future Chief People Officer Study

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Embrace perpetual work invention

> **"**
> *We are going to have to invest in our next generation of leaders. I now factor into my business that I'm going to have to train people forever."*
>
> **— Johnny C. Taylor, CEO, SHRM**

94% of participants say to handle the changing nature of work they will need to adopt perpetual reskilling
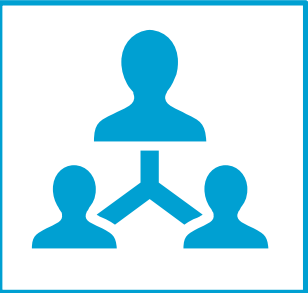
…yet only **18%** indicated they are prepared to deliver meaningful reskilling of the workforce.

Source: 2019 Future Chief People Officer Study

Rethink culture and leadership

> **"**
>
> *We have a big role to play around culture and purpose. We need to make sure that we continue to build this as our North Star across the organization and leverage it for the decisions that people make every day."*
>
> **— Malaika Myers, CHRO, Hyatt Hotels Corporation**

Companies with sustained high engagement of their workforce on average see **5% earnings growth** over a 3-year period.
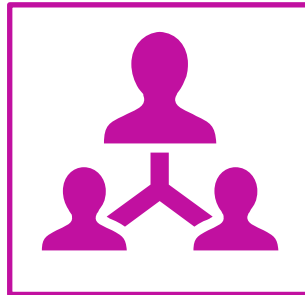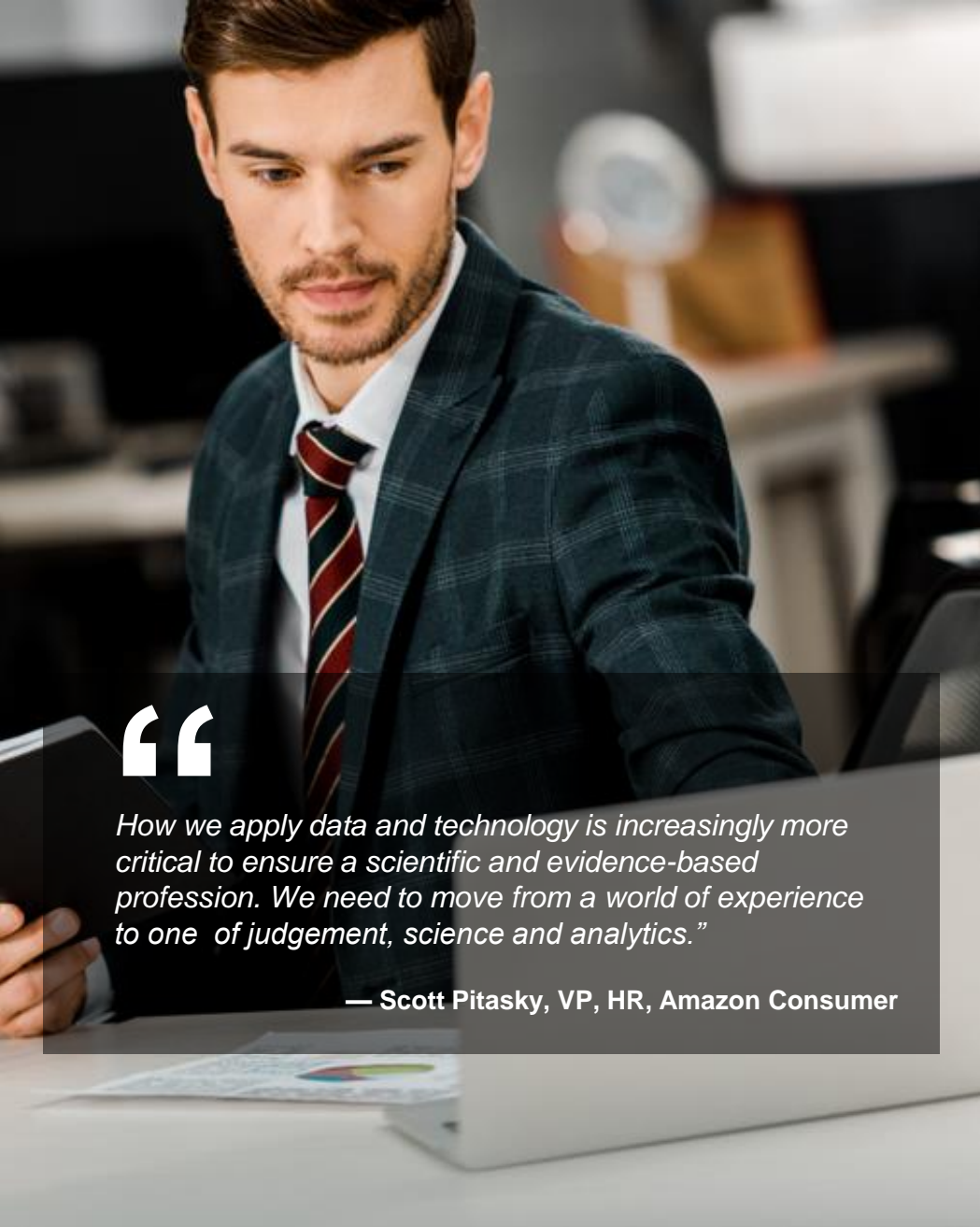
Companies that have low engagement of their workforce suffer a **2% earnings drop** over a 3-year period.

Source: WTW Sustainable Engagement & Financial Success

Elevate HR decision science

> "
> *How we apply data and technology is increasingly more critical to ensure a scientific and evidence-based profession. We need to move from a world of experience to one of judgement, science and analytics."*
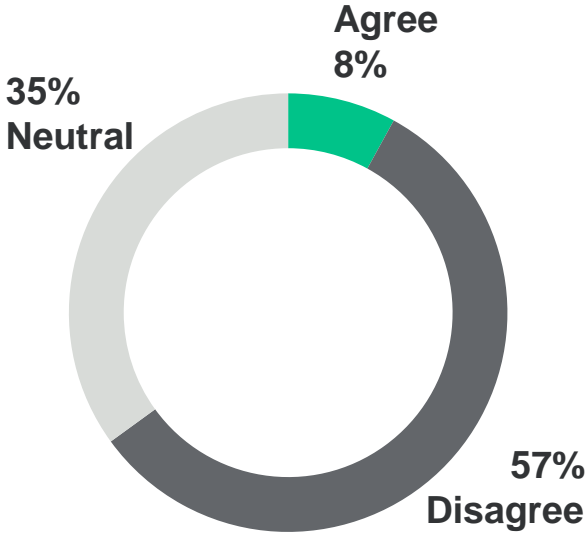>
> **— Scott Pitasky, VP, HR, Amazon Consumer**

Do you currently have a complete, aggregated, strategically relevant and trusted global data set?

CPOs responded:

Agree 8%

35% Neutral

57% Disagree

Nearly all focus group participants agreed that this type of talent and skillset is largely found **outside of HR**.

Source: 2019 Future Chief People Officer Study

SHRM EXECUTIVE NETWORK
HR PEOPLE + STRATEGY

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The key questions clients are asking us

How do I adapt to constant evolution of work and skills to achieve positive business outcomes?

- Change how and where work is done
- Digitalizing the workplace
- Jobs constantly reinvented
- Rethink Work & Reward
- Skills evolution
- Personalized & continuous learning culture

How do I power a new mindset and organizational culture to fuel human potential?

- Culture as the new structure
- Create a holistic, personalized, and meaningful employee experience for all talent
- Embed D&I into concrete steps in culture and process

How do I fuel business decisions through analytics and human capital metrics?

- Clarity of data availability, accountability and expertise in how to harness it
- Increase the understanding of business acumen
- Highlight the value added by human capital, and report on it
- Partner with other functions and the business

How do I lead constant change and power organizational agility?

- Reimagining work through work design that enables flexibility
- Imbuing agility within the organizing
- A new leadership culture: embracing and explaining ambiguity

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Conclusions

- Our current world circumstances demand even more of HR

- HR finds itself defining and shaping the success of work and people

- People strategies can accelerate agility and deliver on the imperatives to drive high performance

Questions…