



Workforce transformation

in a disrupted world



Contents

1	Introduction	01
2	The forces shaping the future of work	02
3	The effects of disruption	04
4	Future imperatives	05
5	Collective responsibility	06
6	A holistic approach	08
7	Elements of workforce transformation	09
8	The benefits of a holistic approach	14
9	Why KPMG?	16

“
The only skill that will be important in the 21st century is the skill of learning new skills.¹ Everything else will become obsolete over time.”
Peter Drucker



© 2020 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

1 Introduction

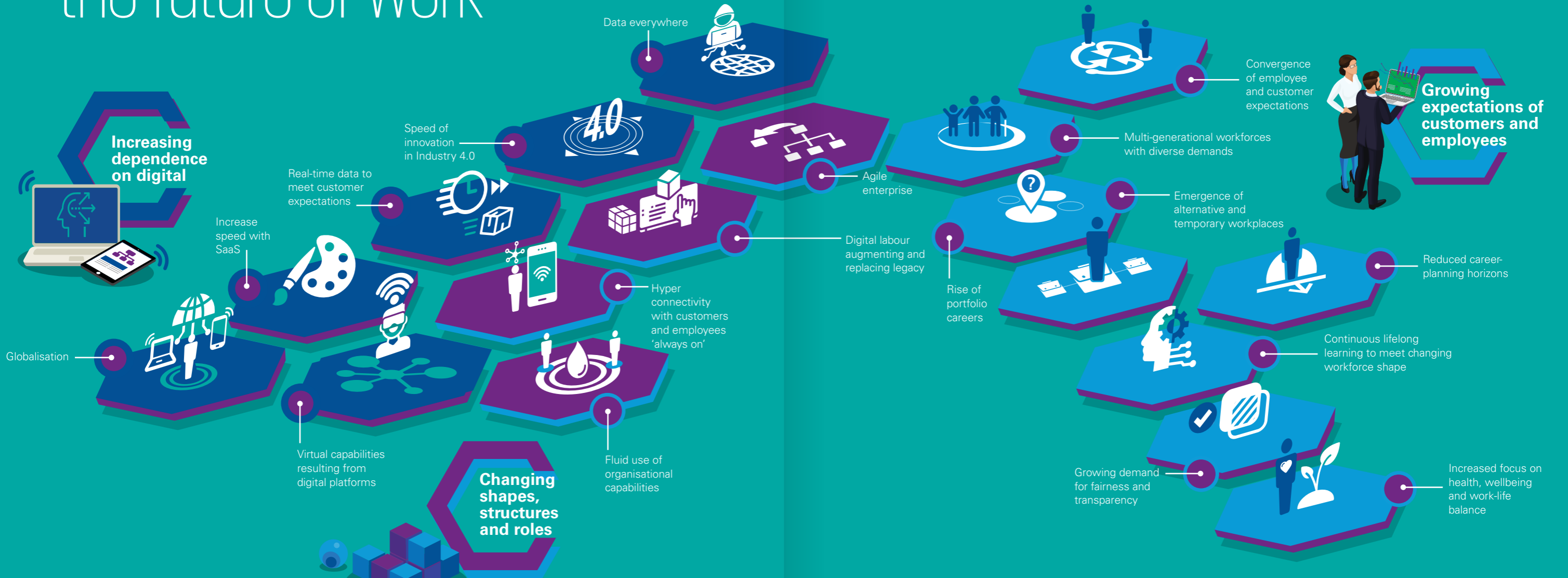
The words of management guru Peter Drucker apply as much to businesses as they do to individuals. In a world undergoing unprecedented change, organisations and their employees must think, behave and act differently if they’re to evolve and thrive.

They’re contending with a powerful combination of disruptive forces, which are changing everything we know about the workforce, workplace, jobs, tasks and teams. Incredibly, 60% of the skills that will be required in the next 10 years don’t yet exist¹. Neither do the jobs that 65% of today’s school children will eventually do.²

Faced with perpetual transformation, organisations must somehow stay focused on improving performance, fostering innovation, reducing cost and enhancing the customer experience. But maintaining the workforce skills, motivation and loyalty to do so will be more difficult than ever.

¹ Thomas Frey, Executive director and senior futurist at the DaVinci Institute
² World Economic Forum

2 The forces shaping the future of work



3 The effects of disruption

The forces of disruption are driving deep-seated change to the world of work as they:

Blur organisational boundaries

The lines between our professional and personal lines are changing, as is how we work – and how, when and where we choose to work. There's less expectation on us to be there 'in person' – and when we are there, employers want us to bring our 'whole' selves to work. Ultimately, it's the outcome that matters, not how we get there.

Drive a diverse workforce

Today's workforces are composed of five generations, and people from all walks of life. And the balance is changing: by 2025, 58% of employees will be Millennials or Gen Z.³ As a result, what staff demand from employers today is a world apart from five or ten years ago.

Generate new career structures and opportunities

AI-powered human capital management platforms enable a broad range of employment models, working patterns and reward structures. And automation fosters new and opportunities roles – e.g. interpreting data, exploring new concepts, and working out how to solve customer challenges.

Eclipse the 'job for life'

With career-hopping becoming the norm (especially for younger generations), career planning horizons are shrinking. And given the rise of the gig economy, employers are increasingly turning to contingent labour, which will account for over 70% of the US workforce by 2022.⁴ In this climate, employers need to seamlessly on-board new workers, maximise their value, then quickly disconnect when appropriate.

Transform labour sourcing.

As the war for talent intensifies – tech talent in particular – it's vital to strike the right balance between the '5 Bs':

1. Buy – permanent employees
2. Borrow – contingent labour (contractors and consultants)
3. Build – upskilling and reskilling
4. Bind – retaining critical employees
5. Bots – augmenting roles with digital technology

This means looking forwards, not backwards, when forecasting supply (bench-strength and access to external talent) and demand (real-time customer trends, strategic aims, and the resulting skills requirements).

³Time Business, USA

⁴Intuit Contingent Workforce Forecast

4 Future imperatives

Adapting to relentless change will require a new approach to managing the workforce. Yet worryingly, KPMG research found less than half (40%) of HR leaders are preparing to update their workforce plan and rethink traditional job roles.⁵

Sustaining success in the future will require the ability to:

- Identify and source fundamentally different skills using workforce insights and analytics
- Rapidly reskill the workforce, focusing on new and evolving roles
- Understand how talent can best be used in a changing business environment
- Create agile, customer-focused operating models, driven by customer insights obtained through data analysis
- Deliver competitive advantage through the employee experience to attract, engage and retain top talent

It will also require a new, skills-led approach to job design.

The traditional, role-based method will no longer suffice, as employees are no longer seen primarily as accountants,

actuaries, risk managers, etc. Instead, they'll be viewed in terms of their skillsets – i.e. as critical thinkers, analysts, programmers, and so on.

Roles will be considered as a series of activities, each of which requires a certain set of skills. Employees will perform the activities that match their skills, effectively working across roles. For example, HR staff may carry out procurement work (and vice versa), as both roles demand sourcing capabilities.

Activity-based job design has significant implications for recruitment and retention. Some roles will be decommissioned due to automation, and others requiring similar skillsets will emerge, or become more important – driving opportunities to redeploy existing labour. As a consequence, organisations will gain capacity that did not previously exist.

As businesses evolve their shape, a holistic understanding of the workforce will be critical to repurposing talent pools and leveraging skills. Ultimately, they'll need to identify – and source – the combination of behavioural, leadership and technical competencies that will maximise the value that their workforce delivers.

5 Collective responsibility

So who should be charged with transforming the workforce to meet these imperatives?

What's needed in today's climate is a holistic approach to workforce transformation. That's not something the HR function can be expected to do alone.

Most HR departments don't have the tools, capacity or expertise for the demand forecasting and organisational design required to adjust to the new reality. Indeed, 76% of HR leaders say their function should actively challenge who's accountable for meeting the future needs of their organisation.⁶

Responsibility must sit with a wider stakeholder group. HR will need to collaborate closely with the **COO, CIO** and **strategy teams** to meet future workforce needs. Interestingly, KPMG research among banking CEOs found that they're now putting strategic workforce management firmly on the boardroom agenda.⁷



6 A holistic approach

Yet in our experience, too many organisations restrict their approach to workforce transformation.

That's why KPMG has developed a comprehensive Workforce Transformation Framework.

Our model helps lift your sights from the individual components of strategic workforce management, by putting them all in one place. Our practical method covers strategy and planning, sourcing and retaining talent, delivering the right capabilities and experience. Our approach is underpinned by people analytics and insights.



1 - Strategy:
Developing a workforce strategy that enables the organisation to acquire and develop the skills required to operate in an increasingly digital world



2 - Shaping:
Creating the right structure and designing the right roles to deliver in a changing environment



3 - Planning & monitoring:
Enabling the workforce to move quickly between products, services, tools and geographies in order to meet changing customer needs – using technologies and analytics to drive the workforce plan



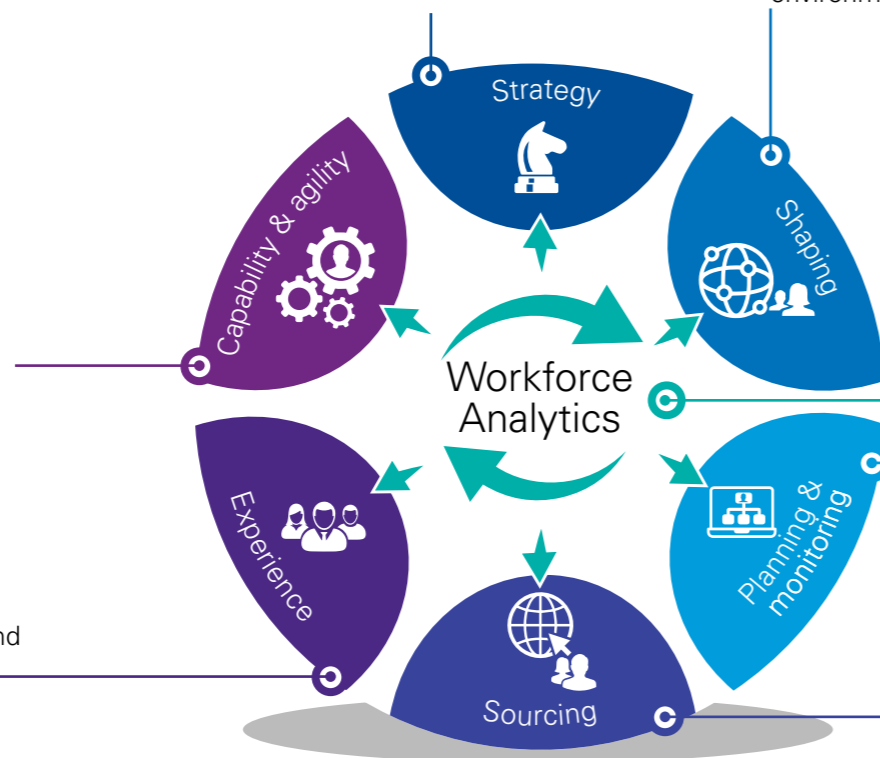
4 - Sourcing:
Ensuring the ideal combination of full-time employees, contractors, consultants and service delivery



6 - Capability & agility:
Establishing a workforce planning and management function to support an agile workforce that can deliver your business, digital and people strategies



5 - Experience:
Attracting and retaining the best talent, by offering a compelling and tailored experience to employees and contingent workers alike



7 - Workforce Analytics:
Underpinning people initiatives with a consistent foundation of data and metrics to provide a holistic view of the organisation

!
Organisations may not need to transform every aspect of the framework at the same time. But looking at them holistically will aid prioritisation, and enhance understanding of how each element impacts the rest.



7 Elements of workforce transformation



1 - Strategy:

Transformation begins with the strategic needs of the business, evolving customer demands and any industry changes coming over the horizon.

Ensuring your future workforce can deliver in a changing environment will mean:

- Understanding the overall business strategy and its workforce implications
- Articulating a comprehensive workforce strategy to realise the business vision



Questions to consider

- How can we shape and manage the workforce to effectively and efficiently realise our strategy?
- What are the implications of our business strategy for our workforce requirements?
- Are our workforce requirements achievable with existing headcount and within budget?
- What are the key priorities for our people strategy?
- What changes do we need to make to achieve total workforce unity?
- Do we have the environment and working practices to enable and empower our future workforce?



2 - Shaping:

Shaping roles for the future means more than fulfilling the growing demand for digital skills. The ability to continuously shape the workforce will enable your skills supply to keep up with changing business needs.

We're seeing a significant shift from static hierarchical structures, and the associated architecture of formal career paths, performance management, and so on. In their place, networked organisations are emerging, with virtual teams brought together to address a particular piece of work.

Adapting to this will require firms to challenge conventional roles and hierarchies, by:

- Breaking down traditional roles into the distinct skills, knowledge and experience required to deliver a piece of work
- Assessing the impact of digital and social disruption on existing roles, to see how these may change and understand emerging competency requirements
- Shifting away from traditional hierarchies and role-based teams, to virtual teams focused on delivering specific outcomes



Questions to consider

- What skills, knowledge and experience will we require in the future?
- What competencies does our workforce currently have?
- What is the optimal resourcing mix between the '5 Bs'?
- How can we best structure and manage teams to work flexibly, and maximise competency and productivity?
- What management competencies will be required to effectively manage the changing technical skills required by the workforce?



3 - Planning and monitoring:

A fresh approach to workforce planning is needed – one that enables workers to move quickly between products, services, tools and geographies, so to meet customer needs.

This involves:

- Proactively aligning your business, operational and technology strategies in the short, medium and long term
- Understanding target operating models and organisational design, which should be linked to workforce requirements
- Consider all sourcing options (buy, borrow, build, bind and bots)
- Reviewing existing technology, platform and analytics capabilities to drive effective workforce planning



Questions to consider

- How will we manage internal skills mobility across the organisation?
- How can we capitalise on the crowdsourced, gig and talent-sharing economies?
- What are our capability requirements for the immediate future?
- Are we considering robotics and AI for all competencies?
- How will these technologies affect workforce competencies over the short, medium and long term?
- Do you have control and visibility of your existing internal and external workforce?
- How effective are your systems, analytics, KPIs and metrics at driving effective workforce planning?



4 - Sourcing

Established approaches to recruitment are no longer adequate. Sourcing the right skills for a disruptive business environment will mean:

- Striking an optimal (and agile) balance between full and part-time employees, consultants, contractors, partners and outsourced providers
- Considering all options to meet competency requirements – including flexible working and third-party service providers
- Seeking competencies, rather than looking to fill set roles
- Basing job descriptions and contracts on capabilities and outcomes
- ‘Micro-upskilling’ people with bite-sized learning modules, which rapidly deliver new competencies over mobile channels
- Developing a continual learning culture



Questions to consider

- What’s the optimal mix of full-time, contingent, part-time and outsourced labour?
- What is our approach to upskilling?
- Does it meet the demands of the continually changing landscape?
- How do we source the optimal workforce?
- Are we considering the current legislation in our approach?



5 - Experience:

In a climate of social awareness, digital advancement and high employment, attracting and retaining talent involves more than pay and benefits. It demands a holistic view of the employee experience, and the ability to deliver the right experience in the immediate term.

To achieve this, organisations will need to:

- Offer a clear, flexible and compelling employee value proposition, which matches individuals’ needs and expectations
- Align the employee and customer experience, enabling your people to deliver what customers want
- Include wider influences of employee experience including well-being, culture, purpose and leadership behaviours



Questions to consider

- How do we make collaboration and connectivity happen?
- How do we create the right experience for our workforce?
- Are there enough open, collaborative physical and digital spaces to facilitate meetings and collaboration?
- Do our systems, operations and internal services provide an engaging employee experience?
- What are the behaviours to support our culture?
- How does the leadership role model behaviours?
- What is our organisational purpose?
- How can we encourage and support health and well-being in everything we do?



6 - Capability and agility:

Making transformation happen will require the planning & management capabilities to support an agile workforce that can effectively and efficiently deliver your digital business strategy.

This requires an understanding of:

- How technology and analytics are being used to enhance modelling and forecasting, and what emerging technologies can do to improve it further
- Core workforce capabilities – including strategy, organisational and employee experience design, sourcing, workforce planning, people analytics, core change and project management skills



Questions to consider

- Does the workforce transformation team have the breadth and depth of capabilities to design and deliver the workforce of the future?
- Are they able to actively engage with the COO, CIO and strategy teams?
- Does the workforce transformation lead have a seat at the strategic table?



7 - Workforce Analytics:

Despite recent focus, organisations often still do not understand how to successfully use analytics to unlock the power of their people. At KPMG, we believe that workforce analytics provides valuable insight that can be used as a source of competitive advantage, across the business, and at point of need.

In order to achieve this, a CHRO has the power to set the heartbeat for companies by identifying the right key performance indicators in order to: measure; anticipate; and, communicate drivers of culture, performance, and sustainability for the organisation. Our 5C framework facilitates a holistic review of workforce issues by applying 5 lenses to an issue: Connectivity; Capability; Compliance; Cost; and, Capacity.



Questions to consider

- **Capacity** - which new hire will have the greatest long-term impact?
- **Capability** - what one action would better motivate the workforce and attract greater talent?
- **Cost** - where will targeting workforce investment drive the most return in performance?
- **Connectivity** - how does the way in which the organisation works affect individual and group productivity?
- **Compliance** - what is the cost of non-compliance, change management programmes and the effectiveness of compliance training?

8 The benefits of a holistic approach

Delivering elements of KPMG's Workforce Transformation Framework can help you to realise critical benefits to your people plans.

- ✓ A tailored employee experience underpinned by a flexible reward package that drives candidates attraction and colleagues retention
- ✓ Enhanced learning and career pathways that encourage succession planning and internal mobility
- ✓ A defined skills taxonomy with job descriptions that resonate with candidates
- ✓ A consistent approach to cross-functional workforce planning with more accurate identification of existing skills
- ✓ Insight-led performance coaching to enhance career development
- ✓ Improved leadership and culture metrics that drive employee wellbeing and motivation

- ✓ Better visibility and control of the workforce, future skills requirements and talent shortages as a result of more effective demand forecasting
- ✓ A clear map of hierarchical structures, layers and spans of control enabling a sustainable organisational design capability
- ✓ Improvement of time to hire with better access to critical talent
- ✓ Increased productivity by reducing downtime of team members between projects



9 Why KPMG?

KPMG's People Consulting experts can help you transform your workforce for success in a changing business environment.

Our consultants understand the challenges and opportunities in uncertainty. We work with businesses like yours every day, delivering the experience, research, and know-how you need to define the future workforce.

We offer world-leading expertise in all aspects of the Workforce Transformation Framework. Our approach combines our deep knowledge and experience of:



More from KPMG



Meet the Millennials



Future of HR 2020: Which path are you taking?



Rise of the humans 3



Contact

Please contact any of team below if you'd like to discuss your future workforce requirements



Mel Newton

Partner

Mel.Newton@kpmg.co.uk

07584 884 554



Jo Matthews

Director

Joanne.Matthews2@KPMG.co.uk

07801 916 770



Paul Krasilnick

Senior Manager

Paul.Krasilnick@kpmg.co.uk

07393 801 966



Nick Ghamgosar

Manager

Nick.Ghamgosar@kpmg.co.uk

07775 113 709

kpmg.com/uk



© 2020 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in the United Kingdom. The KPMG name and logo are registered trademarks or trademarks of KPMG International.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

Designed by CREATE | February 2020 | CRT123679A