MERCER

Return to a
new
normal

Nine ways organizations
can successfully prepare
for a comeback.

As we enter the next phase of the pandemic and restrictions ease, people and businesses are looking for ways to return to a new normal. Where can companies focus their efforts to return employees safely, effectively and energetically? Where else should we concentrate our efforts beyond returning to the worksite, to communicating with stakeholders and ensuring the future well-being of our people, our businesses and our economies?

No one knows what the "new normal" will look like six months or even six weeks from now. Though the prospect is daunting, it's clear that normality is ours to shape. The uncharted path in front of us is spurring companies to contend with significant questions:

- What work do we want or need to do at a shared place and time? What are the new work-to-be-done priorities in a post-COVID-19 environment?

- For work requiring a particular time and place: Who can return to the worksite, and how do we return mentally as well as physically?

- For work we can do almost anywhere, at any time: What does a new normal look like, and how can we enhance this experience?

- What austerity measures are critical to keep businesses financially stable? How can we maintain liquidity and financial flexibility in order to successfully navigate any subsequent wave of the pandemic?

- How do we accomplish a stable return-to-work strategy focused on emotional, financial and physical well-being in a downturn? What learnings should drive our reinvention?

- As we grapple with cost-containment activities, how do we ensure that we make decisions that facilitate reinvention and execute them with empathy?

Each organization will have a unique set of questions and challenges. But what we've seen so far are distinct groups of issues companies are thinking about linked to three priorities — returning safely, returning to stability and returning to energy. These issues run the gamut from strategy to tactics,[1] and building a sustainable path to return will depend on spending time on both.

[1] All COVID-19 pulse survey data accessed 5 May 2020. Since mid-March, Mercer has run a Global COVID-19 Pulse Survey of 1,800 companies worldwide. The survey covers 20 industries. More information available at https://taap.mercer.com/covid19results

Nine essentials for returning to a new normal

Whether working virtually or on-site, one thing we know is that a new shape of work will emerge. Quickening the pace towards reinvention, however, requires a concerted effort around a few essentials:

Respond — **Return** — **Reinvent**
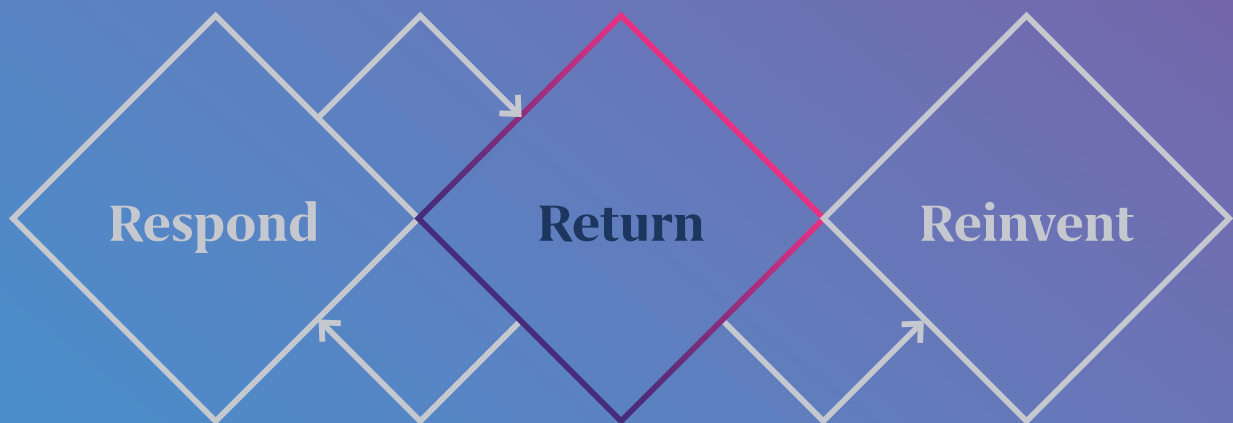
Return safely

1. Navigate a dynamic environment and ready the workplace.

2. Re-examine remote, flexible and blended working.

3. Delegate non-core activities to focus on priorities.

Return to stability

4. Clarify priorities and realign around "the new minimum."

5. Focus on cost containment and zero-basing design.

6. Use transformation as an optimization strategy.

Return to energy

7. Support the workforce — mentally, physically and financially.

8. Reconfirm the organization's purpose and value.

9. Design an energizing employee experience.

Return safely

Reopening physical or temporary worksites is top of mind for many companies. To manage both clinical realities and government guidelines, internal stakeholders such as facilities, occupational health and safety, risk management, HR and others are working together to re-imagine workplaces, reshape physical customer interactions and understand the reality of the new colleague experience.

1. Navigate a dynamic environment and ready the workplace

The pandemic is a fast-moving challenge. Organizations will find themselves managing on-off decisions through different pandemic waves — potentially repeating steps they may have thought were done in the "respond" stage. Workplace readiness plans that are iterative, flexible and adaptable will prove invaluable and include ways to audit and measure safety within the worksite. Businesses will want to base decisions on solid scenarios. Dynamic pandemic navigating tools that use the latest science and epidemiological data to anticipate — as well as monitor — developing situations are vital for determining whether to revert to more severe measures, such as remote working. Companies that are successfully navigating these moving goalposts are considering:

- What criteria will be used for evaluating compliance with safety guidelines?

- How will ongoing employee health be monitored?

- How will we receive alerts from different authorities implementing different stages of response? How do we quickly inform staff?

- How will the organization build resilience to respond to a localized resurgence of the disease?

- How and when will monitoring and intervention be communicated to key stakeholders?

- How will the organization formulate a strategy to listen to staff concerns, build them into plans, and monitor employee sentiment?

Before bringing people back to the worksite, employers are seeking plans that emphasize the health and safety of employees and their families. These include return-to-work playbooks on social distancing and reduced touchpoints, such

as the guidelines [Canary Wharf](²) (London's financial district) has established for its banking and corporate tenants. Many companies are already making physical preparations and [implementing maintenance plans](): 87% of firms plan to enhance cleaning and disinfection to protect workers' health, and 63% plan to provide facemasks. More than half (56%) of companies are [staggering the return to work]() by splitting employees into shifts to allow greater social distancing.

Return-to-the-workplace toolkits can answer questions such as:

- How can companies measure the medium- and longer-term impact of further waves of infection and lockdowns on the workforce?

- How will companies stay on top of local, state and/or national guidelines and requirements on reopening workplaces, and how should they adjust protocols as these guidelines change?

- Even if government guidance allows for worksite reopening, is doing so now best for the business, customers and employees?

- What are the requirements for each physical location? (geographic requirements may vary). The most common requirements are providing masks, restricting capacity, cleaning and social distancing. Additional measures, such as screening questionnaires, temperature checks or various forms of testing, may come into play. There are also important workers' compensation considerations.

- For shared workspaces, do plans incorporate protocols and processes dictated by other organizations? How will the company make decisions about capacity and cleaning shared spaces (such as manufacturing assembly lines, contact centers and retail settings)?

- How will companies manage worksite visitors and employee travel policies? How should rapidly changing situations be handled?

- Are remote workspaces and policies aligned with company intentions and governing regulations (for example, assessments of remote workspaces)? How to advice collegues when apps alert them to changes in a locations risk status.

Space planning based on proximity ratings and new density requirements are shaping the workspace. We've been supporting clients with distance ratings demanded by different jobs by linking [Mercer's Job Library]() to O*Net's proximity ratings to help workforce planners understand the distance ratings required Socially distanced workspaces will do little to slow the spread of the coronavirus if most workers rely on public transportation or employers have a crush of people coming and going at once. When deciding when and how to reopen, companies aren't just mapping physical customer journeys to ensure payment terminals are continuously sanitized, they're considering the employee's entire journey to, at and from the worksite. Psychological and financial considerations are also guiding employers' decisions: Many organizations indicate they will respect an individual's choice not to work in the office. As we face an uncertain environment, companies are looking at ways to stay connected with employees on changing guidelines.

Physical mapping of the employee journey

Companies are following the employee worksite "trail" — from parking garages and entrances to elevator buttons and touchscreens, from technical and manufacturing equipment to photocopiers and phones. Employers are considering the risk from breakroom vending machines, microwave buttons and coffee dispensers too.

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² London's Canary Wharf prepares for return of workers, 15 May 2020, available at https://on.ft.com/3fSr54b

## 2. Re-examine remote, flexible and blended working

Not all jobs should come back to the workplace, and not all workers will want to go back into shared locations. People who have health conditions, and those who live with others who are ill or at high-risk, may prefer to stay home. Others may want to embrace a new, flexible way of working they find liberating. Two-thirds (66%) of firms have arranged for greater flexibility to work from home in response to the outbreak, and data indicate organizations are taking the opportunity to evaluate which roles can thrive in a remote-first environment. For example, in response to the success of remote working, Twitter says employees can work from home "forever" if they wish.[3]

As a result of the pandemic, 72% of firms will review remote-working policies in the next three to six months, and 69% will review flexible working. Making a sustainable change is likely going to involve job redesign. Flexible work arrangements are an essential part of the employee experience: 64% of employees say it's important for company culture to encourage flexibility. Equipping individuals to be part of design thinking sessions around how work gets done in the future is already showing that employees are thirsty for change.

On the other hand, not all work-from-home arrangements will outlive COVID-19. If organizations are looking at blended working models (with some remote workers, some on-site and most flexing between the two), what will their approaches look like? Job evaluation sheds light on job adaptation potential and informs design changes to reduce dependencies and shift value. Thus, it is no longer about "when" and "where" a job gets done. Allowances for those working from home, as well as health, insurance and tax declaration guidance needs adjusting. This in turn is reshaping ideas on everything from site selection of talent to expatriate systems and business travel guidelines.

If more employers move to a blended approach or re-examine their talent supply locations , the purpose of the workplace will change: Some organizations envisage the office as a place to collaborate rather than a place to work individually. Some are looking towards more localised, smaller hubs. Others are calculating the cost savings associated with a focused geographic footprint, including fewer sites and/or solutions. For its part, a tech company has saved US$12 million annually on office space since 2014 — nearly 60% of the company's employees work flexibly today.[4]

3. Delegate non-core activities to focus on priorities
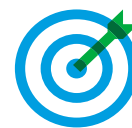
Many organizations want to get back to growing their core businesses in the near-term. However, this will require a substantial time commitment given the complexity of navigating a new economic order and challenges with re-engaging employees. Still, such complexity also offers opportunities to outsource non-core activities. These services free up HR to focus their attention where it's most needed. For example, firms are finding value by outsourcing responsibility for retirement plans, or even the chief investment officer role, to focus on their main priorities: making their people safe, helping them be productive or processing potential furloughs. Others have been partnering with third-party firms to outsource risk management or pandemic response teams to ensure the right governance.

Further, with pension investment teams unable to visit

investment managers, subscriptions to digital and self-service third-party platforms can provide critical research, data and analytics as companies address extended disruptions and longer-term systemic changes. Custom-built solutions are also emerging to support delegated needs. For example, remote proctoring for hosting examinations in the education sector or providing skill-need assessments when working or learning is done at home.

Similar opportunities exist for other HR practices. For example, ensuring brokers are pursuing cost-optimization opportunities from plan design to alternative financing and health management. Increasingly, multinationals are recognizing the benefits of global benefits management to help coordinate medical and risk protection benefits in this shifting climate.

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[3] Coronavirus: Twitter allows staff to work from home 'forever'. https://www.bbc.com/news/technology-52628119.
[4] How These 4 Companies Are Embracing Flexible Work — and Why You Should Too. https://business.linkedin.com/talent-solutions/blog/work-flexibility/2019/how-4-companies-are-embracing-flexible-work.

Return to stability

Finding equilibrium in a world that feels like it's constantly tilting and shifting under our feet is a challenge. But gaining stability and planning a path back to more robust financial and operational performance is crucial.

Get creative about talent sharing

Temporary talent sharing is primarily seen as a way to move furloughed workers from employers experiencing a fall in demand to employers seeing a rise in demand. But it's also a way to temporarily cover for sick workers or workers unable to work due to exposure or other personal reasons.

4. Clarify priorities and realign around "the new minimum"

The "new minimum" is about minimizing negative impacts on people and business, and questioning what's truly necessary to support both.[5] As companies move beyond initial cost deferrals, cost reductions and preserving as many jobs as possible, they are entering a different context of people investment. While these first rounds have been characterized as "people first," "personalization for impact" is the mantra guiding the new environment. Specifically:

- Investments in "nice to have" programs and processes may be dropped to unwind costs or in favor of flexible programs that respond to a wider variety of employee needs.

- Calculating the cost savings of various measures, when the savings will be realized (this years or next budget) and the impact of each measure on worker energy and engagement will be critical to making balanced decisions at this time.

- The need to be competitive will be replaced by an imperative to sustain the workforce for survival and growth as companies look at how to rebalance investments across production/distribution/manufacturing, non-executive salaries and the management/executive levels.

- Executive compensation plans may need to be redesigned.

- If furloughs or potential layoffs remain a reality, organizations may need to explore alternatives, such as outplacement services or temporary talent-sharing either with other employers or within the organization itself.

- Companies will want to take advantage of pension plan contribution or funding holidays, but ultimately this demands a re-prioritisation of funds.

- The cycle of decision-making — to launch, cancel or refine programs — will shorten as companies become more agile and align timelines with change. For example, companies may refine programs as they learn more during the first stages of recovery and return to the workplace.

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[5] The new minimum: How financial institutions must redefine their cost structures. https://www.oliverwyman.com/content/dam/oliver-wyman/v2/publications/2020/apr/How-financial-institutions-must-redefine-their-cost-structures.pdf.

5. Focus on cost containment and zero-based design

Considering who comes back to the workplace and in what order opens the door to a broader initiative around workforce optimization, workforce supply/demand modeling, career infrastructure, and organizational and job redesign. Many companies are adopting a "zero-basing" approach (shutting, trimming, reducing and digitizing) to organizational design as a starting principle and using this pause to reset. In some cases, companies are inviting ideas from employees on cost containment design — a strategy adopted during the 2008 crisis,[6] which quickens adoption and understanding of the hard choices companies face.

The pandemic has demonstrated how incredibly adaptable most people (and organizations) are. Companies are taking that as a cue to embrace disruption. For instance:

- Which people, business units or departments best fit the transformation strategy?

- How should the size, shape and skill set of the organization change, and what are the implications?

- Which people should be prioritized to return or incentivized to stay?

- How can strategic workforce analysis validate, and revalidate, decisions around critical jobs, work locations, and productivity?

The financial implications of how, when and which workers return are, understandably, uppermost in executives' minds. Even before the pandemic, 99% of companies said they planned to embark on a transformation in 2020. Now is an opportune time to put the transformation agenda back on the table as part of sequencing the return to work.

Don't waste a crisis

Take the opportunity to digitize paper and spreadsheet processes and collaborate with stakeholders (including employees and unions) on implementing digital tools to improve safety, efficiency and cost. Now might be the best time given the advantage digitization delivers and that progress has stalled: just two in five companies say they are mostly or fully digital (the same as in 2018).

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[6] Ideas from employees on cost containment design. https://hbr.org/2020/03/the-coronavirus-crisis-doesnt-have-to-lead-to-layoffs.

6. Use transformation as an optimization strategy

With organizations pressed to do more with less, a focus on transforming the business and HR is front of mind. Many of the above steps for returning to stability are useful tests that can feed into broader workforce transformation plans. What is our core competence when we move geographical and functional boundaries? What are the acquisition and divestiture opportunities that make most sense? How can we restructure around new ways of value creation? What type of organisation do you need to become to attract and retain the talent you need, especially when employees' sustainability concerns are higher than ever? Companies are considering how to:

- Quicken digital transformation and re-design HR processes to make them future-proof and/or crises-proof

- Invest and divest strategically to drive growth but also improve resilience

- Define new leadership behaviours and ways of behaving, often along with sustainability goals to reshape the culture

- Change hiring, training, compensation and/or organisational structures to reflect shifts in value

- Redefine performance management in the remote working world and succession slates given recent learnings around leadership-in-a-crises behaviors

- Reset employee expectations

Return to energy

Once plans to return to a new normal begin to take shape, there is a real opportunity to reaffirm direction and values. This is particularly important given the influence of a strong employee experience. Companies that exceeded their performance goals last year were three times more likely than struggling firms to put the employee experience at the core of their people strategy.

7. Support the workforce: mentally, physically and financially
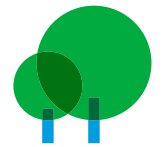
The mental return to the workplace matters: Stakeholders (such as unions) and employees want to feel heard, including those whose return to the worksite may be significantly delayed — if it happens at all. One in three (36%) employees are experiencing mental health issues due to social isolation and economic anxiety, yet only two in five (38%) companies have conducted internal surveys, interviews or focus groups to understand what employees are thinking. Knowing what's on employees' minds is only a first step, as distinct segments of the workforce are likely to express these thoughts differently. A number of companies are combining passive data (such as number of emails sent month over month, activity time, etc.) with active data (e.g. pulse survey responses) to identify early warning signs of burnout.

In this context, communication and monitoring of signals is vital. Organizations are experimenting with tools like microsites, videos, leadership cascades, training sessions, pulse surveys and virtual focus groups. Support for managers is critical as well — machine-learning firm Appen invested in manager training for remote teams in 2017, and in one year it saw attrition drop 5%.[7] Consistent communication on what to expect and aggressive training on safety protocols can convey leadership, avoid confusion and reduce anxiety.

Playbooks, toolkits and digital tools help convey a baseline value proposition, but it is a reconfirmation of the mission and the purpose of the organisation that will be critical as we move from the "return" phase into the "reinvent" phase. At this time, brands have more, not less, power to attract talent. How companies treated their people during the pandemic will set the talent attraction trajectory. Also, toolkits and playbooks are not static. Innovations and new ways of listening, learning and responding are emerging by the day.

[7] How These 4 Companies Are Embracing Flexible Work — and Why You Should Too. https://business.linkedin.com/talent-solutions/blog/work-flexibility/2019/how-4-companies-are-embracing-flexible-work.

Employers can play a crucial role in helping employees manage their physical health. More than one-third (38%) of essential on-site employees are not coming to work due to fear of falling sick. Before the COVID-19 outbreak, when asked about the extent to which their company cares about employee health and well-being, only half of workers (50%) said their company "mostly cares" or "cares a great deal" (compared with 71% of their employers, who held a rosier view). In the current climate, healthcare access and coverage has been top of mind for employees and employers. Transformed by digital and telemedicine options, healthcare delivery will be forever changed and employers will look to refresh their offerings with cost-effective digital solutions as employees prioritize health and safety.

Meanwhile, many employees will be facing financial hardship, directly or indirectly. Addressing job security concerns will be paramount, particularly since one in three employees were anxious about job security even before the outbreak. Companies are considering:

- Whether compensation and rewards should be adjusted to support workers required to be on-site, in new roles or part of transformation efforts

- What to communicate to recently retired or soon-to-retire employees that keeps them energised and connected

- How pay and any short-term incentive programs need to pivot given a new focus or transformation agenda

- How sustainability, a sense of purpose and corporate values can be embedded into performance plans as goals are reset

Although incentive plan participants have largely stayed the course, this is a crucial time to monitor how participants have reacted to the recent market turmoil. The market volatility in 2020 will be a new experience for many younger employees, for instance. This includes reviewing investment changes, volume changes in call-centers, contribution changes, increases in distributions and loans, and the reactions of those nearing retirement.

The important thing for companies will be to look beyond aggregate numbers to assess the diversity of responses among various subgroups — for example, by examining what financial burdens young people might have inherited and if they've switched how they are investing their future retirement plan contributions. Both of which could have long-term ramifications for retirement adequacy.

Before COVID-19, there was a lot of talk about financial well-being but little action — notably for older workers with limited savings, younger workers burdened by educational debt and low-wage workers. In an economic downturn, financial wellness solutions such as financial coaching, emergency savings accounts or short-term loan facilities become even more valuable. In an ideal situation, employees shouldn't have to use retirement savings to meet short-term financial needs. Credit-score monitoring (and even repair) may be critical for furloughed employees. The opportunity is ripe to re-evaluate employees' needs and the benefits they really require.

Match game

Some employers that suspended company-matched retirement plan contributions during the height of the crisis are considering a redesign rather than merely reinstating the previous practice. For example, organizations are exploring building emergency savings accounts into match protocols or adjusting the match to incentivize additional retirement contributions to make up for those lost (or for distributions taken) during the crisis.
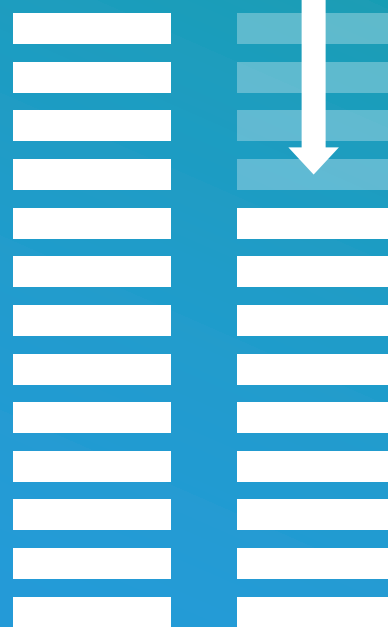
8. Reconfirm the organization's purpose and value

Benefit reviews and total reward optimization analysis will be part of a new reality for most companies, but how organizations reconfirm their purpose and values will differentiate them. Progressive companies are already looking at their sustainability goals and redefining how to deliver value. Communication activity around these new goals and their impact on the people experience (moments that matter and activities that are rewarded) will help drive a wave of new day-to-day practices individuals recognize and value.

Today only a quarter of organizations subsidize benefits programs for their most vulnerable populations, and just one in five organizations currently offer personalized well-being programs. Furthermore, during the pandemic, 58% of companies are allowing parents to work flexibly to manage childcare needs. Still, just 4% are providing childcare allowances due to school closures.

With employee expectations for their employers to take care of them at an all-time high, companies ahead of the curve are taking the opportunity to reconfirm their value proposition and align benefits to values. Thirty-nine percent of firms say they will review restoring employee care and engagement as a workforce priority in the next three to six months. Starbucks, for example, is offering all its US employees and family members access to a mental health therapist or coach, either in-person or virtually.[8] Also, with blended work environments, it won't be obvious when people's life situations change, but knowing who employees are, what they want and what is happening in their lives can ensure a personalised experience even when the experience is remote. Thus digital tools like Darwin™ become more critical when using benefits to reconfirm the employee value proposition. Businesses are considering what expanded benefits to make available, such as:

- Access to virtual care and behavioral health, including triage nurse lines, physician consultations, dentistry, and prevention and treatment of musculoskeletal disorders

- Access to online learning and re-skilling opportunities

- Support for other forms of digital well-being programs, from online legal assistance to fitness, sleep or debt counselling

- Mental health programs that meet people where they are

- Caregiving support

9. Design an energizing employee experience
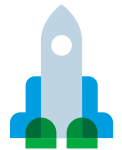
The next 12 to 18 months will be a rollercoaster as economies and organizations digest the full emotional and economic consequences of the pandemic. Employees will require energy and confidence to survive and thrive — whether back in the workplace, still at home, or embarking on assignment. Which employee experiences will unleash energy? And how are those experiences different in a remote-first or blended work culture?

Sustainable organizations are paying attention to make sure progress isn't lost in areas such as pay equity and D&I. There is anecdotal evidence that the added responsibilities of caregiving and homeschooling have fallen disproportionately on women during the lockdowns.

Maintaining progress toward pay equity doesn't need to be a cost burden; indeed, with employees aware of the need for cost containment in the current climate, freezing or reducing pay for overpaid employees and adjusting the pay of underpaid employees have become options.

When employees are energized, they are at a lower risk of burnout, more keen to re-skill and more positive about the future. Leading companies are taking a signal from this 'global remote-working experiment' and health crisis to rethink the employee and non-employee experience to ensure it is energizing. What really are the moments that matter to our workforce? How can we be a responsible organization to those within our businesses and in our communities? How can we collectively design the new shape of work?

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[8] Starbucks employees turn to Headspace app to ease COVID stress. https://hrexecutive.com/starbucks-employees-turn-to-headspace-app-to-ease-covid-stress/?eml=20200504&oly_enc_id=4802I7424278C8I.

Use empathy to return to a new normal

Coronavirus-related developments appear at a rapid rate, but that doesn't mean employers have to rush to implement a plan. People decisions that balance economics and empathy are critical during this time, no matter how organizations decide to return to a new normal. Responsible organizations will:

- Emphasize safety and proper execution

- Stress-test plans

- Adopt design-thinking and collaborative approaches once the initial direction is set

- Involve employees in shaping what the new normal looks like

- Solicit feedback on how the plan is delivering the desired outcomes

- Look at data on engagement levels, perceptions of the employee experience, health and energy indicators, and economic information when reviewing return strategies

- Monitor plans, and adapt as necessary

- Embrace new technology that can put vital information in the hands of HR and enable rapid changes in plans and communications

- Offer employees consistent transparency about what is happening and invigorate people to consider and prepare for a brighter future

Learn more about how you can advance on your journey towards the new shape of work.

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