Rebuilding the HE workforce

11 March 2021

Delivered by

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Building a better
working world

Work is changing – and HR professionals need to think about four key challenges as HE rebuilds following the pandemic

WORK, REIMAGINED...

- We are in an unprecedented crisis which is changing how we think about work

- This is accelerating the trends that were already impacting on our workforce

THE HE EXPERIENCE

- Covid-19 has impacted the sector – but not to the extent that was predicted last summer

- Payroll costs have gone down – but significant headcount reductions haven't happened

- Modernisation is high on the agenda

FOUR THINGS TO THINK ABOUT...

#1 HYBRID WORKING MODEL
How, when and where is work done?

#2 TALENT LIQUIDITY
How to match supply of skills with demand in a new workforce model

#3 HR REIMAGINED
Reimagine the technology, processes, policies and culture needed for a modern workplace

#4 WORKFORCE RESTRUCTURING
Structuring for the new operating reality

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The world of work in 2021

11 March 2021

An unprecedented crisis, changing the way we think about work

The COVID-19 pandemic has ushered in a new era, disrupting how organisations approach their people agenda. The scale of the impact and the incredible pace of change have brought several long-anticipated changes to life...

Economic uncertainty
US$7t
value wiped off the global equity markets in two and a half weeks.[1]

Workplace preferences
47.5%
of UK workforce reported to have been working remotely during 23 March-5 April.[4]

Workforce models
75%
of gig workers claim the gig companies they work for have been of no help in this time of crisis.[3]

Regulatory change
91%
of the global population is living in countries with coronavirus-related travel restrictions.[2]

Digital adoption
62m
people downloaded enterprise-focused video conferencing apps during the week March 14-21 – the highest ever.[5]

- Employee well-being
- Remote working
- Agile working models
- Empathic leadership
- Digitalisation

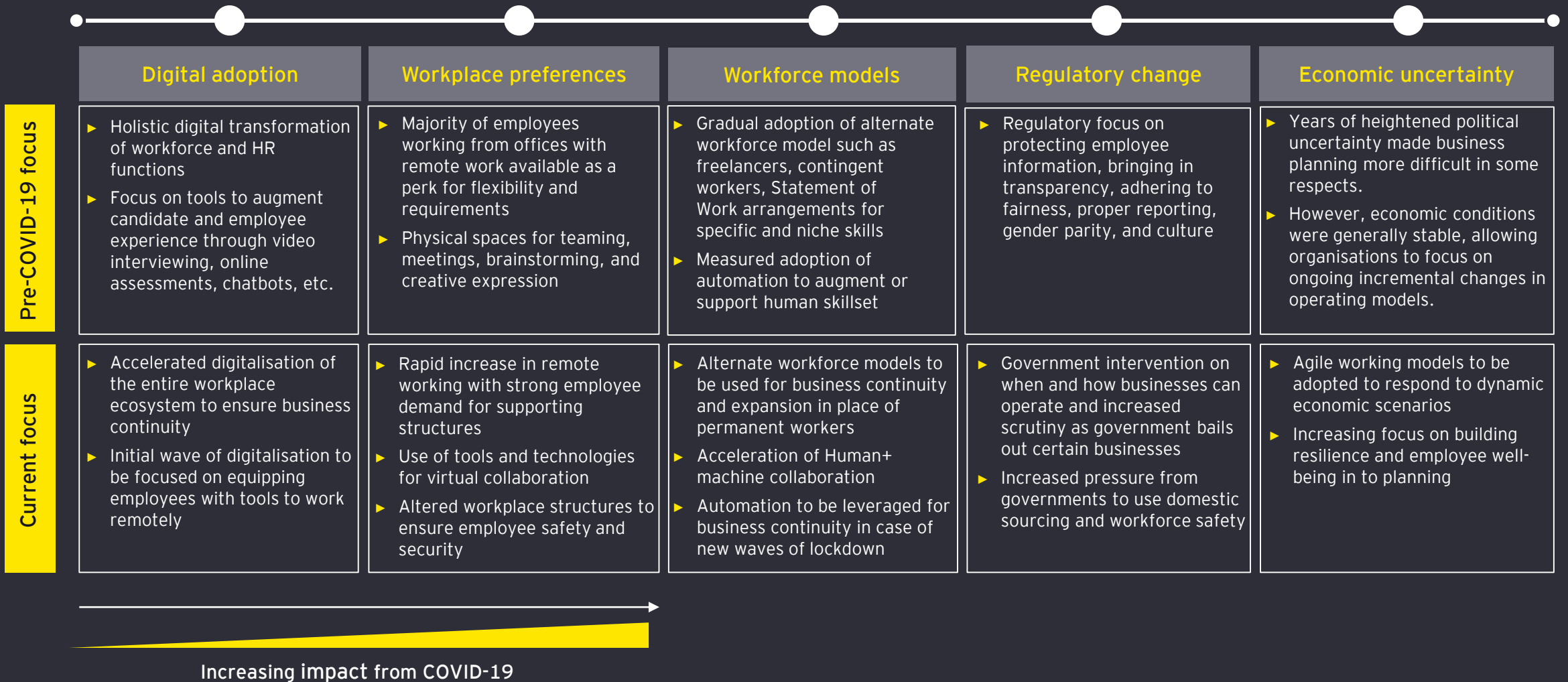[1] Bloomberg, S&P Dow Jones Indices, 7 March 2020.
[2] Pew Research Center, April 2020.
[3] TecHR
[4] Computer World.
[5] Business Impact of COVID-19 Survey, Office for National Statistics, 23 April 2020.

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Existing workforce trends have come more sharply in to focus the Future of Work journey...

	Digital adoption	Workplace preferences	Workforce models	Regulatory change	Economic uncertainty
Pre-COVID-19 focus	▶ Holistic digital transformation of workforce and HR functions ▶ Focus on tools to augment candidate and employee experience through video interviewing, online assessments, chatbots, etc.	▶ Majority of employees working from offices with remote work available as a perk for flexibility and requirements ▶ Physical spaces for teaming, meetings, brainstorming, and creative expression	▶ Gradual adoption of alternate workforce model such as freelancers, contingent workers, Statement of Work arrangements for specific and niche skills ▶ Measured adoption of automation to augment or support human skillset	▶ Regulatory focus on protecting employee information, bringing in transparency, adhering to fairness, proper reporting, gender parity, and culture	▶ Years of heightened political uncertainty made business planning more difficult in some respects. ▶ However, economic conditions were generally stable, allowing organisations to focus on ongoing incremental changes in operating models.
Current focus	▶ Accelerated digitalisation of the entire workplace ecosystem to ensure business continuity ▶ Initial wave of digitalisation to be focused on equipping employees with tools to work remotely	▶ Rapid increase in remote working with strong employee demand for supporting structures ▶ Use of tools and technologies for virtual collaboration ▶ Altered workplace structures to ensure employee safety and security	▶ Alternate workforce models to be used for business continuity and expansion in place of permanent workers ▶ Acceleration of Human+ machine collaboration ▶ Automation to be leveraged for business continuity in case of new waves of lockdown	▶ Government intervention on when and how businesses can operate and increased scrutiny as government bails out certain businesses ▶ Increased pressure from governments to use domestic sourcing and workforce safety	▶ Agile working models to be adopted to respond to dynamic economic scenarios ▶ Increasing focus on building resilience and employee well-being in to planning

Increasing impact from COVID-19

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For HE, COVID has led to a decline in Intl' enrolments and revenue, however the outlook for the sector is more positive than forecast prior to the summer...

Prior to summer, HE sector expected to be affected by material decline in student demand...

1 Exposure to international students

- ▶ **International and EU enrolments** made up **~20%** of total enrolments and **~40% of tuition revenue** in 2018/19
- ▶ International students generate disproportionally higher revenue and profit
- ▶ Affects those universities with a high share of International and EU enrolments

2 Student surveys

- ▶ Prior to summer a number of prospective student surveys forecast **30-50% of international students to defer or cancel**

3 Other sources of income

- ▶ Reduction of **tuition fee income and** lead to decline in ancillary sources of revenue such as **accommodation and catering, affecting HEIs with a low income source diversification the most**

...since then, further developments and information on the path of the pandemic and student choices

1 A-level results (CAGs) and student cap removals

- ▶ More students to meet admissions criteria resulting in significant grade inflation (25% of entries awarded a grade "A" last year compared to 38% this year)
- ▶ **Caps placed in April by government lifted in August** in response to new A-level result assessments
- ▶ Boost in domestic students created **winners and losers.**

2 Economic contraction and labour market conditions

- ▶ Economic contraction has lowered opportunity costs for prospective students, with **students more likely to delay entry to labour market** in favour of beginning or continuing higher education

3 Performance of the UK vs other HE destinations

- ▶ International context: performance of UK relative to **competitor countries such as US and Australia in tackling COVID-19 crisis** appears to have led to higher enrolments than expected

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- ▪ In contrast to the 30-50% YoY declines in Intl' & EU enrolments expected before summer, YoY declines are likely to be between 15-25%, with many students starting degrees online. Similarly, UK enrolments are expected to grow or decline by less than 5% (i.e. between -5% and 5%) in 2020/21
- ▪ While revenue shortfalls smaller than expected a few months ago, some HEIs will be more affected than others – the impact of the pandemic will continue to be felt unevenly across HEI segments with some gaining share from other HEIs (some of which will continue to struggle financially).

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HE has mitigated the effects of falling enrolments by deferring capex and reducing payroll costs whilst mainly avoiding radical headcount savings...

Staff costs

- The most common options contemplated or enacted were **pay freezes, pay cuts, reduced hours, voluntary redundancies / furlough,** and **halting the renewal of fixed-term contracts**

- Only universities that were financially challenged pre-COVID used **redundancy measures** to any significant extent

Capex deferral

- Capex programmes have been delayed or suspended, with **maintenance** and **new buildings plans on hold**

- However, capex investment in developing the **necessary IT infrastructure** to support remote working and online learning has been significant

Discretionary spending cuts

- Services that were unnecessary or could be substantially reduced (e.g. **catering, security, facilities management**) have been trimmed, as well as **marketing** and **subscription-based services**

Despite better performance experienced by the sector in terms of recruitment, the anticipated reduction in international student numbers has still meant the sector has had to undertake a variety of cost-saving measures to 'balance budgets'

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The pandemic may act as a catalyst for UK universities to consider increasingly efficient and digitalised operating models that will modernise the sector...

		What's changing?
	Online / blended delivery	▪ Greater mix of online / blended-learning ▪ Students expect some content (e.g. lectures) **continue to be available online**, ▪ More **personalised content and experiential learning in face-to-face** delivery (e.g. tutorials, lab sessions)
	Back-office systems & automation	▪ HEIs often retaining legacy in-house systems with low functionality and poor user adoption – pandemic has increased focus ▪ Automation of repetitive and time-consuming processes and functions ▪ Improve **efficiency** and improve **student experience** (e.g. smoother registration and payment processes)
	Course portfolio optimisation	▪ Scope for universities to review **course offerings and research focus areas to realign to core strengths** ▪ Particularly relevant in current context of rising unemployment and demand for up/re-skilling
	Centralisation of administrative functions	▪ From **decentralised finance teams sitting within faculties to campus operations handled locally**, many mid-to-long-term efficiencies to be achieved through functional centralisation by phasing out devolved teams
	Consolidation of estate footprint	▪ Shift to online and blended delivery, and work-from-home trends will lead to **lower utilisation rates of buildings** - opportunities for repurposing / disposal
	Service line optimisation	▪ Short-term cost savings allowed HEIs to **push underperforming or low value-additive service lines** and teams closer to industry benchmarks, by trimming excess spend (e.g. ineffective Marketing spend) or transforming teams (e.g. Procurement function) to generate more value to the university

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You need to rebuild the workforce, but you need to rebuild it in a different form...

#1 HYBRID WORKING MODEL
Determine how, when and where work gets delivered

#3 HR REIMAGINED
Reimagine the technology, processes, policies and culture needed for a modern workplace

WORK REIMAGINED - THE FAB FOUR

#2 TALENT LIQUIDITY
How to match supply of skills with demand in a new workforce model

#4 WORKFORCE RESTRUCTURING
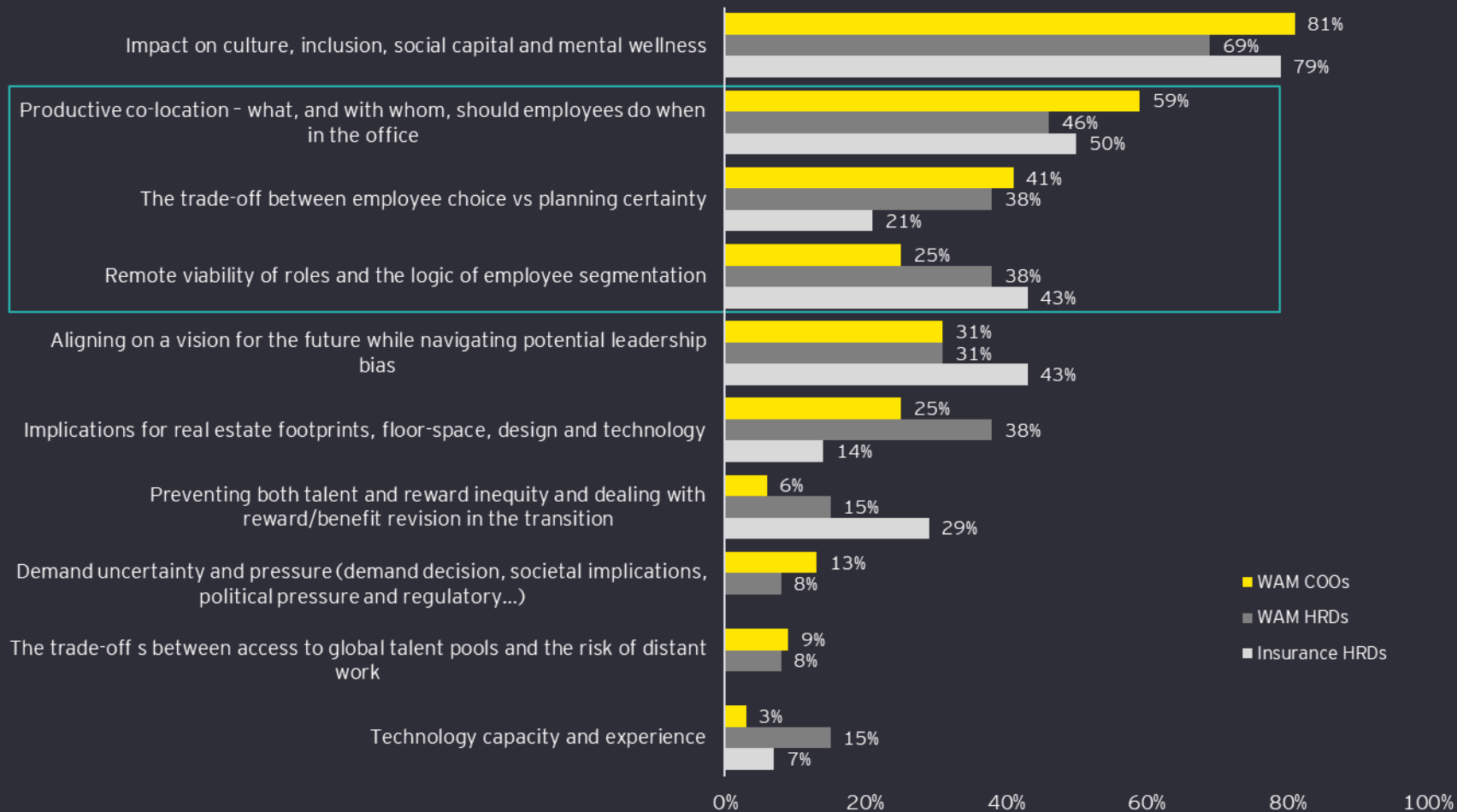Structuring for the new operating reality

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#1
What's the future of your employee experience?

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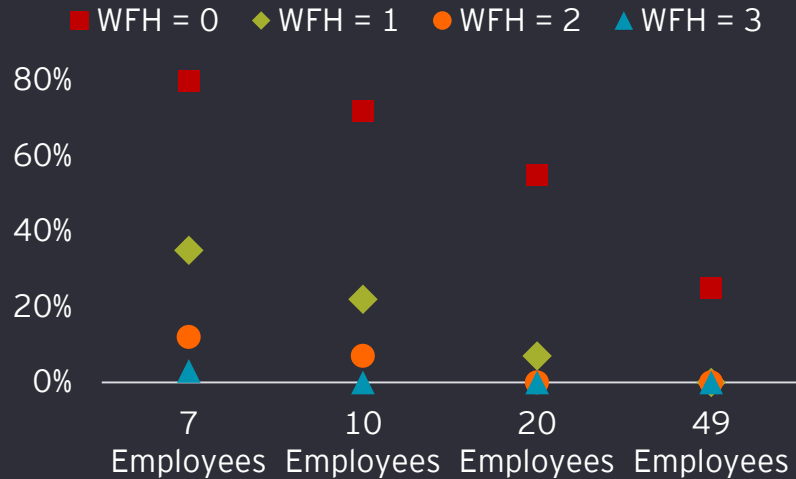
Consensus for hybrid, but there are people experience challenges…

Hybrid Strategy: "What are the biggest challenges to implement Hybrid Working?"

Impact on culture, inclusion, social capital and mental wellness
- 81%
- 69%
- 79%

Productive co-location – what, and with whom, should employees do when in the office
- 59%
- 46%
- 50%

The trade-off between employee choice vs planning certainty
- 41%
- 38%
- 21%

Remote viability of roles and the logic of employee segmentation
- 25%
- 38%
- 43%

Aligning on a vision for the future while navigating potential leadership bias
- 31%
- 31%
- 43%

Implications for real estate footprints, floor-space, design and technology
- 25%
- 38%
- 14%

Preventing both talent and reward inequity and dealing with reward/benefit revision in the transition
- 6%
- 15%
- 29%

Demand uncertainty and pressure (demand decision, societal implications, political pressure and regulatory…)
- 13%
- 8%

The trade-off s between access to global talent pools and the risk of distant work
- 9%
- 8%

Technology capacity and experience
- 3%
- 15%
- 7%

Legend:
- WAM COOs
- WAM HRDs
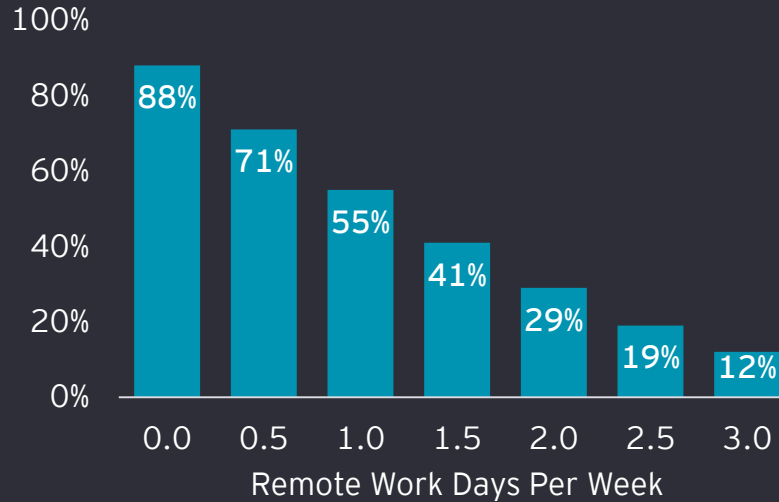- Insurance HRDs

X-axis: 0% 20% 40% 60% 80% 100%

- The impact on culture, inclusion, wellness consistently scores as a major area of concern for leaders and employees – but much of this may dissipate when 'office' is part of mix.

- Productive co-location, combined with the trade-off between choice and planning, is the key challenge to Hybrid Working.

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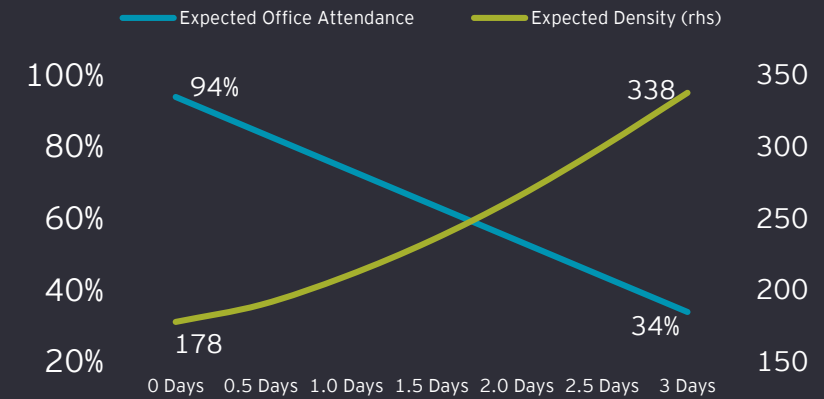# ...and practical challenges that impact on productivity and efficiency...

CHANCE OF 50% OF A TEAM IN THE OFFICE TOGETHER

■ WFH = 0 ◆ WFH = 1 ● WFH = 2 ▲ WFH = 3

80%
60%
40%
20%
0%

7 Employees   10 Employees   20 Employees   49 Employees

CHANCE OF EMPLOYEE A & B BOTH BEING IN THE OFFICE

100%

88%	
71%	
55%	
41%	
29%	
19%	
12%	

80%
60%
40%
20%
0%

0.0   0.5   1.0   1.5   2.0   2.5   3.0

Remote Work Days Per Week

HQX: EXPECTED ATTENDANCE & DENSITY BY NUMBER OF REMOTE WORKDAYS

—— Expected Office Attendance   —— Expected Density (rhs)

100%   94%   338   350
80%   300
60%   250
40%   34% 200
20%   178   150

0 Days 0.5 Days 1.0 Days 1.5 Days 2.0 Days 2.5 Days 3 Days

Source: George Washington University; Cushman & Wakefield Research

17 March 2021

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But there are some emerging archetypes which can be applied...

Work as a Place

'The Office' is 'work', but more people do some 'from home', more regularly

- Centralised Professional Services office(s) / campuses synonymous with brand and designed to accommodate most employees most of the time
- Co-location is the dominant way of working
- Minority time 'working from home' and other forms of flexibility permitted within policy and managerial .

Office as Anchor

'The Office' is central to work and organisational effectiveness, with greater degrees, and different types, of remote work in place

- Centralised Professional Services office(s) / campuses synonymous with brand. More consolidated real estate but still designed to accommodate most employees most of the time (Space is not restricted although rotations may be in play)
- Co-location dominant way work is undertaken, but not for all (e.g. non-client facing and administrative staff might be primarily or full time remote)

Office as Connector

'The Office' optimally connects different modes of work, and employee segments, to each other

- Professional Services office(s) are sized (and located) to accommodate staff and student needs and deliberate on-premises teaming and specified types of work activities
- Co-location is a strong, but not dominant, component of the working experience
- Flexible work arrangements are common and not all employees reside in commutable range

Office as Magnet

'The Office' is not central to work, but is a the centre of organisational development and regularly draws people together

- Office(s) are sized (and located) to accommodate student and deliberate on-premises teaming and specified types of work activities
- Regular co-location is an important but minority aspect of working experience
- Most employees are primarily or full time remote
- Flexible work arrangements are common and not all employees reside in commutable range

Work as an Activity

'The Office' is not an important part of work. Space is fluid and virtual effectiveness is everything

- No (or very small) offices; shared offices or venue hire when required
- All employees are fully remote, working from anywhere legal / tax compliant
- Co-location only in exceptional circumstances but digital co-location is very deliberate
- Full range of flexible work options by policy / per role including job-sharing

Entirely On-Premises ← Hybrid ← Models → Entirely Off-Premises

Archetypes driven by positioning on two axis – Ability to accommodate most staff, most of time vs physical collocation as dominant work mode

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What's the future of your employee experience?

► What do your workforce think and feel?

► Experience = performance - so what experience do you need to provide?

► What's *your* future model of work?

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#2
Do you know the skills
you have and the skills
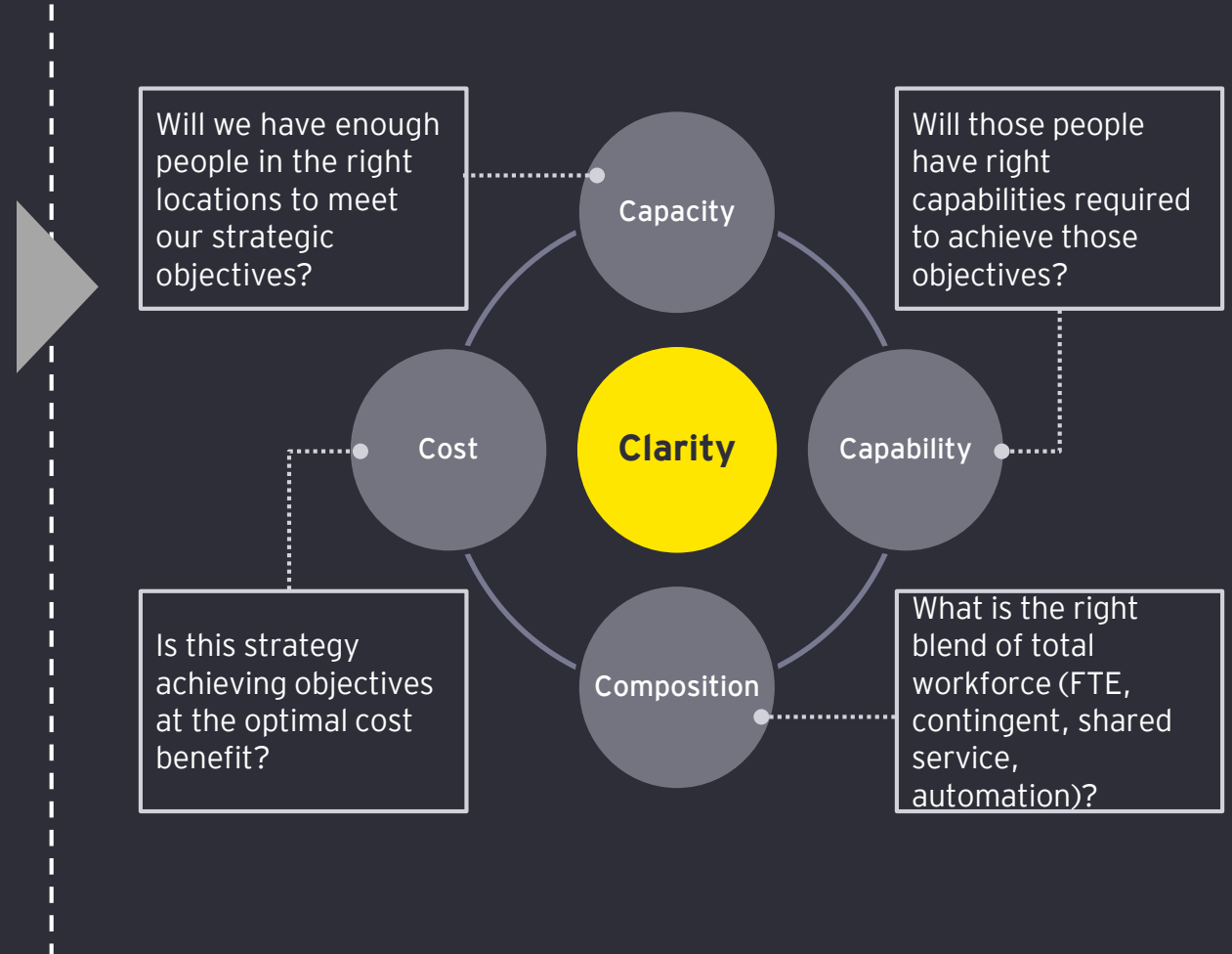you'll need?

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You need to think about the skills you need for the future, and where to get them...
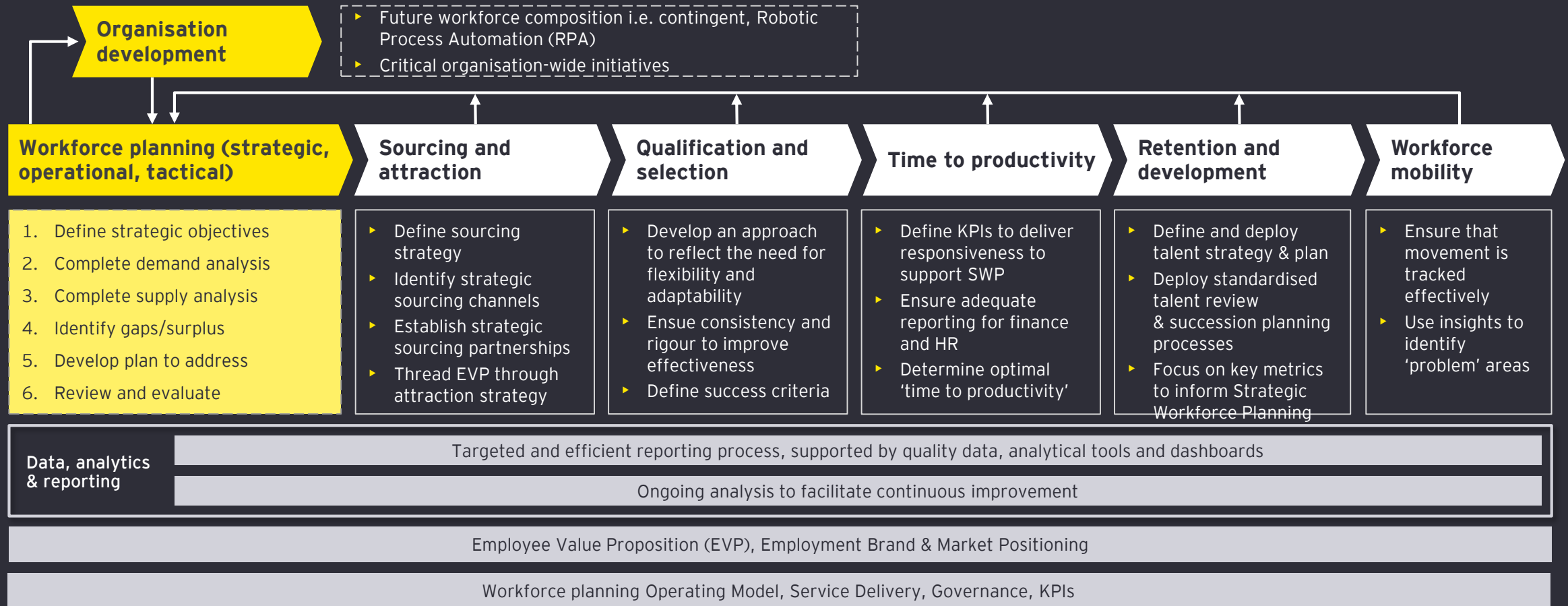
Understanding today...

▸ What is my workforce composition?

▸ How can I make optimal use of the workforce I have today?
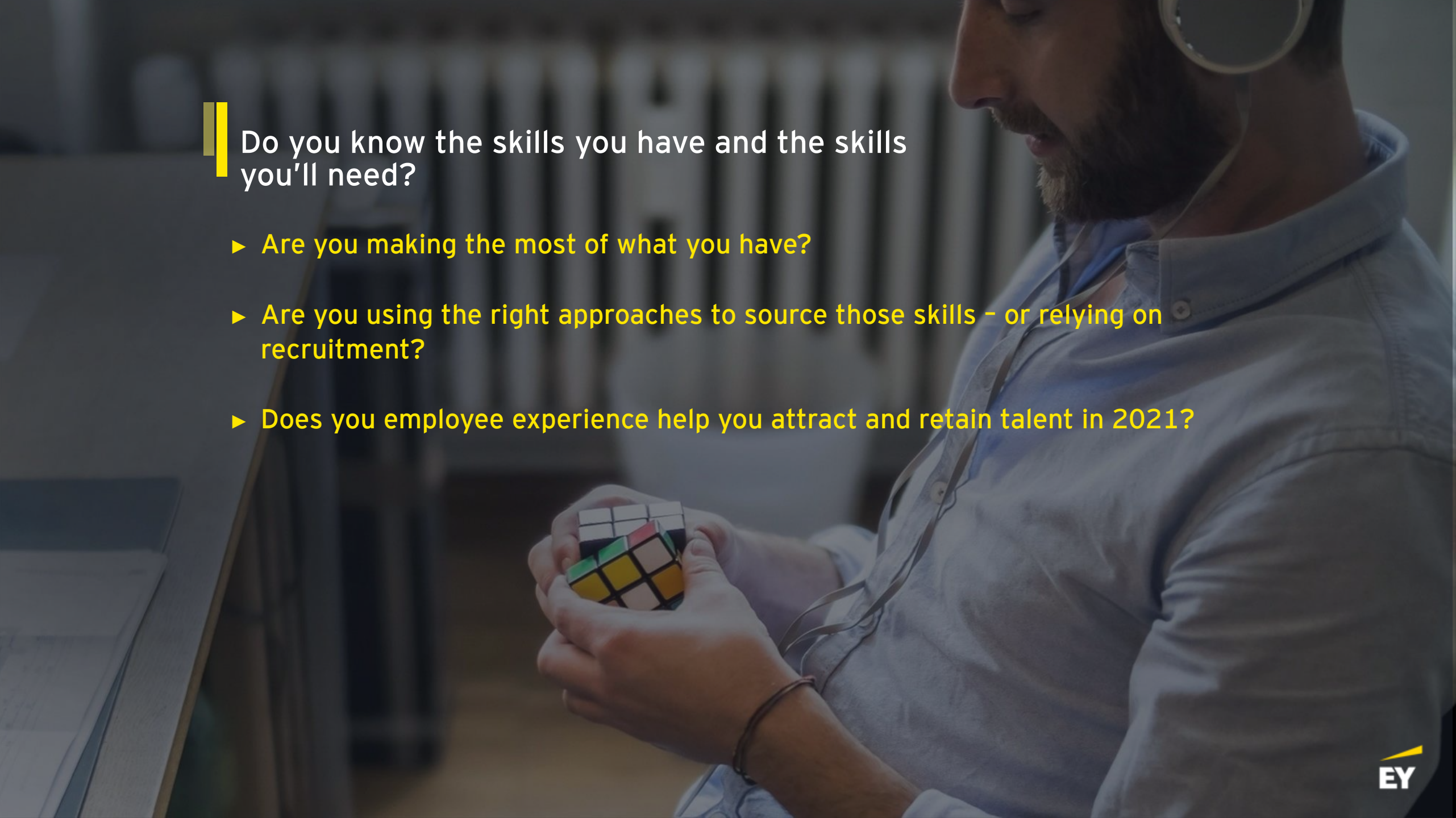
▸ Does my current workforce meet current demand?

To deliver the future...

▸ What is the workforce I require to deliver my business strategy?

▸ What skills will be required?

▸ What is the optimal blend of employees, contractors and technology?

▸ Do they sit in the centre, faculties, schools, departments?

▸ How will I get from where I am today to where I need to be?

Will we have enough people in the right locations to meet our strategic objectives?

Will those people have right capabilities required to achieve those objectives?

Capacity

Cost

Clarity

Capability

Composition

Is this strategy achieving objectives at the optimal cost benefit?

What is the right blend of total workforce (FTE, contingent, shared service, automation)?

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Integrating these plans with your existing people processes and data is key...

Organisation development
- Future workforce composition i.e. contingent, Robotic Process Automation (RPA)
- Critical organisation-wide initiatives

Workforce planning (strategic, operational, tactical)	Sourcing and attraction	Qualification and selection	Time to productivity	Retention and development	Workforce mobility
1. Define strategic objectives 2. Complete demand analysis 3. Complete supply analysis 4. Identify gaps/surplus 5. Develop plan to address 6. Review and evaluate	• Define sourcing strategy • Identify strategic sourcing channels • Establish strategic sourcing partnerships • Thread EVP through attraction strategy	• Develop an approach to reflect the need for flexibility and adaptability • Ensue consistency and rigour to improve effectiveness • Define success criteria	• Define KPIs to deliver responsiveness to support SWP • Ensure adequate reporting for finance and HR • Determine optimal 'time to productivity'	• Define and deploy talent strategy & plan • Deploy standardised talent review & succession planning processes • Focus on key metrics to inform Strategic Workforce Planning	• Ensure that movement is tracked effectively • Use insights to identify 'problem' areas

Data, analytics & reporting
- Targeted and efficient reporting process, supported by quality data, analytical tools and dashboards
- Ongoing analysis to facilitate continuous improvement

Employee Value Proposition (EVP), Employment Brand & Market Positioning

Workforce planning Operating Model, Service Delivery, Governance, KPIs

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Do you know the skills you have and the skills you'll need?

► Are you making the most of what you have?

► Are you using the right approaches to source those skills – or relying on recruitment?

► Does you employee experience help you attract and retain talent in 2021?
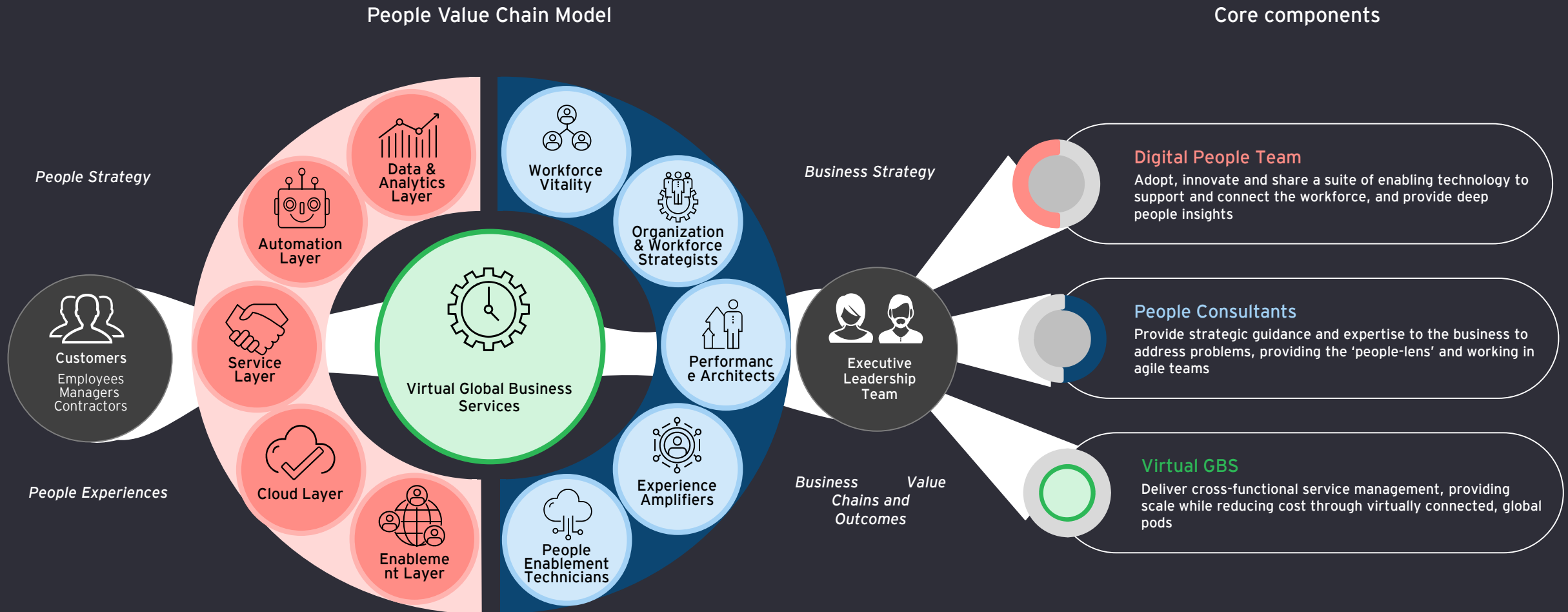
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#3
Is you HR model focused on the right things?

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Think about the end-to-end value, not just roles, and think about how to get the most from technology...

People Value Chain Model

Core components

People Strategy

People Experiences

Business Strategy

Business Value Chains and Outcomes

Customers
Employees
Managers
Contractors

Automation Layer

Data & Analytics Layer

Service Layer

Cloud Layer

Enablement Layer

Virtual Global Business Services

Workforce Vitality

Organization & Workforce Strategists

Performance Architects

Experience Amplifiers

People Enablement Technicians

Executive Leadership Team

Digital People Team
Adopt, innovate and share a suite of enabling technology to support and connect the workforce, and provide deep people insights

People Consultants
Provide strategic guidance and expertise to the business to address problems, providing the 'people-lens' and working in agile teams

Virtual GBS
Deliver cross-functional service management, providing scale while reducing cost through virtually connected, global pods

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Is you HR model focused on the right things?

▶ Are you empowering the workforce to self-serve?

▶ Do you have the right technology to support your workforce?

▶ Can you go further than business partnering?

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#4
Are you thinking differently about structures?

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Increasing numbers of organisations restructuring to be flatter, less rigid and more agile because...

Quality and satisfaction

25-75% | Improved satisfaction

- More focus on feedback and insights
- Multidisciplinary collaboration

Time to market

30-75% | Speed of delivery of value

- Prioritisation and focus on value aspects
- Short development and launch cycles

Employee engagement

10-50% | Higher employee engagement

- Attracting and retaining innovative talent
- Motivating high performance and potential employees

Productivity

20-50% | Cost reduction and/or increase in the value delivered

- Reduced management and coordination costs
- Reduction of errors and waste
- Increased speed of execution

Can you use trends in inter-faculty / multi-disciplinary work to make structures less rigid?

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But...restructuring for agility requires a shift in the mental model of what an organisation is and how it operates

from ...

to ...

- **organisations as "machines"** with hard coded instructions and a rigid blueprint; people fill their assigned roles as "cogs" in the system - e.g. role in department v role in faculty

- Leaders as **masterminds** who **delegate tasks and instructions** in a top-down manner

- **Protecting most people** in the organisations from stressors and complexity, and **treating information as a scarce resource**

- **Silos**
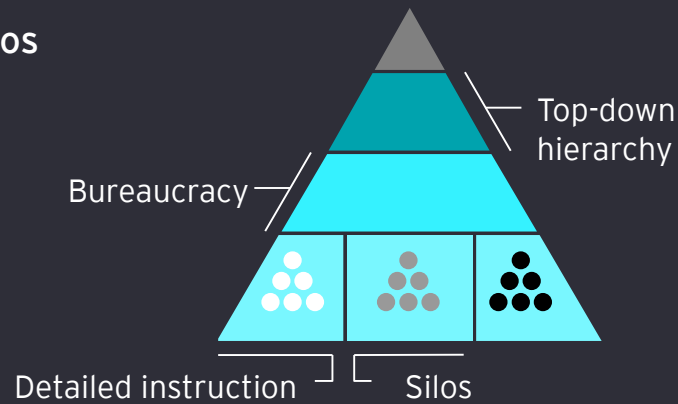
- **organisations as organic systems,** in which people collaborate quickly and effectively around tasks and product, across boundaries ('team of teams')

- Leaders as **catalysts who show direction and set up the system** for people to do their jobs effectively

- **Exposing all employees to a certain amount of uncertainty** and stressors to help them grow and stay flexible, and making information by default available

- **Collaboration**
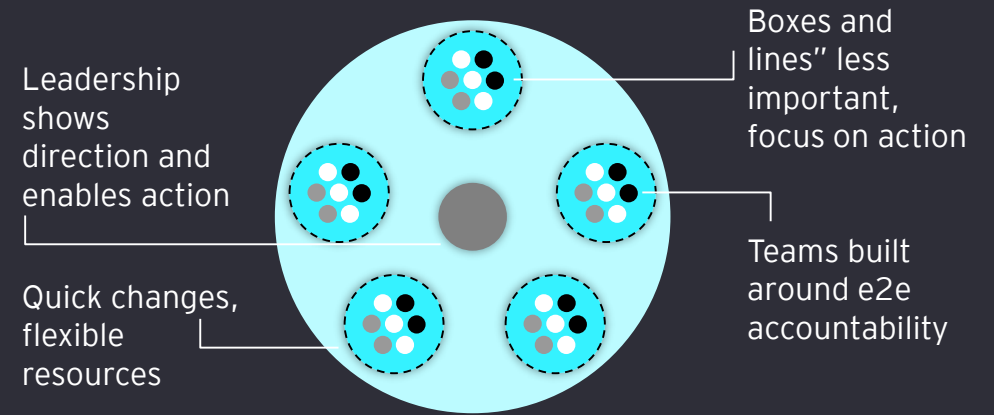
Top-down hierarchy

Bureaucracy

Detailed instruction

Silos

Leadership shows direction and enables action

Quick changes, flexible resources

Boxes and lines" less important, focus on action

Teams built around e2e accountability

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Are you thinking differently about structures?

► Are there more effective ways of structuring your departments and faculties?

► Can you use growth to build the culture you want to see?

► Are you encouraging modern leadership approaches?

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In summary...you're rebuilding the workforce in a time of rapid change...

What's the future of your employee experience?

▶ What do your workforce think and feel?

▶ Experience = performance - so what experience do you need to provide?

▶ What's *your* future model of work?

Do you know the skills you have and the skills you'll need?

▶ Are you making the most of what you have?

▶ Are you using the right approaches to source those skills – or relying on recruitment?

▶ Does you employee experience help you attract and retain talent in 2021?

Is you HR model focused on the right things?

▶ Are you empowering the workforce to self-serve?

▶ Do you have the right technology to support your workforce?

▶ Can you go further than business partnering?

Are you thinking differently about structures?

▶ Are there more effective ways of structuring your departments and faculties?

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