

EY Center for Board Matters

How boards can help shape a new normal for the workforce

While many businesses and governments are anticipating, planning and, in some cases, already taking steps to reopen economies and society, they are questioning how this will happen and what it will look like. Clear answers to these questions are elusive, especially with the current absence of a proven way to treat or prevent COVID-19.

Within the fluid context of COVID-19, boards should continue to guide management in planning how to reopen the workplace. The nature of this pandemic requires the mental and tactical preparedness to take one step back for every few steps forward. Plans must be agile and flexible enough to address changing conditions and varying stakeholder needs. Scenario planning across a range of potential extremes can help inform a path forward and address inevitable contingencies. Any return to work will also require clear communications between companies and their key stakeholders to foster trust and enable the desired culture as conditions evolve.

Boards should consider asking the following questions as their companies focus on the now, next and beyond of returning to work.

The experience and well-being of both employees and customers

- ▶ How is the organization planning for ongoing phased returns to the workplace considering the evolving interdependencies of governmental requirements, community health matters, workforce needs and customer preferences?
- ▶ What are the reliable sources of data, insights and experiences being used to assess risks and adjust scenario planning, resources and timelines to strengthen the strategic agility around return to work decisions?
- ▶ What has been done to reassess space configurations to provide for social distancing and appropriately address hygiene requirements?
- ▶ Have safety, medical and wellness protocols (including health and screening requirements) been established without an invasion of rights?
- ▶ How are reopening expectations communicated across appropriate channels?
- ▶ How is the organization building a new work experience and shifting behaviors and attitudes on travel, workplaces and workspaces?
- ▶ Have flexible remote work policies been re-evaluated and appropriately refined?
- ▶ Do changes to sick and paid time off (PTO) policies need to be considered?
- ▶ How are the social and emotional needs of the workforce being addressed?
- ▶ Are leaders connecting with, understanding and being empathic toward the workforce – especially workers facing unique challenges and those who have been furloughed?
- ▶ Does any content or training around the code of business conduct and ethics need to be adjusted?
- ▶ What is being done to strengthen channels for listening to and obtaining feedback from employees and customers?
- ▶ How is the company supporting and accommodating the changing team environment including inclusion and diversity efforts?
- ▶ How is management continuing to drive a culture of accountability and evolve people policies to enhance employee well-being, engagement and productivity?
- ▶ Should the organization develop a more flexible reward framework that promotes financial, physical, social and emotional well-being?
- ▶ What changes should be considered to attract and retain key talent?
- ▶ What can be done to embrace or implement more established workplace flexibility in employment categories, schedules and locations (including remote working)?

Workforce capacity and capability

- ▶ Have critical functions, roles, processes, skills, assets and gaps been identified as the workforce has been adjusted and remote working accelerated?
- ▶ Are a full range of scenarios being considered (including the event of a resurgence or cure for the pandemic) and have talent contingency plans been established?
- ▶ Does the company have clear insight into demand for its offerings in ways that enable management to effectively plan a return to work with the right workforce capacities and capabilities?
- ▶ Is management providing clear guidance on how workers should conduct business and be productive in a flexible setting?
- ▶ How can the company optimize capacity through continued use or expansion of digital technology and remote working and strategic redeployment or reorganization of its current workforce?
- ▶ How can the company optimize capabilities through assessments of the future skills, training and technology needed to upskill and reskill impacted people?
- ▶ What more should and can be done through technology, training and manager support to optimize remote working, connectivity, engagement, security and productivity?
- ▶ How is management recasting the organization by leveraging insights gathered through the crisis and building a new normal based on the needs of the business and wants of talent?
- ▶ What investments in innovative technologies and other operational infrastructure could better enable the workforce, enhance business reach and performance, and foster a culture of continuous improvement?
- ▶ How can the company develop a more skilled and nimble workforce to enhance people engagement and productivity to drive long-term value?
- ▶ Has the board considered which additional talent metrics it should monitor in light of the changing environment?

Financial implications

- ▶ How well is management modeling and addressing financial issues, including aligning costs and workforce capacities and capabilities to the company's adjusted revenue model?
- ▶ Has the company re-evaluated its real estate needs for the new normal in which some workers will return to physical spaces, some will remain remote and some may flex between both?
- ▶ Has the company assessed the business impacts of various HR levers (e.g., adjusting compensation levels, scaling hours, granting furloughs, restructuring incentive arrangements, implementing hiring freezes, changing PTO plans, suspending 401(k) matches, requesting voluntary severance/retirement)?
- ▶ How should executive management performance be measured during and in relevant periods after the crisis? How are broader employee actions, as well as the company's purpose and reputation, informing pay decisions?

- ▶ Is management continuously reforecasting its liquidity and future cash needs based on various workforce scenarios and the changing business environment?
- ▶ Has the organization considered changes to its cost structure (fixed to variable) to embed greater flexibility into its operating model?
- ▶ How is the board helping management to reimagine the business model and assess strategic opportunities including related changes to the talent strategy to drive long-term value for the organization?
- ▶ Are there investments in the workforce that would benefit the company and the broader labor market while also positioning workers for upward mobility (e.g., learning and development programs, diversity and inclusiveness initiatives)?

Compliance and regulatory

- ▶ Are the board and management fully informed and prepared to address evolving global, federal, state and local laws, regulations, guidelines, and stimulus and relief programs?
- ▶ Does management meet with government officials and other scientific, health, business and legal experts as appropriate to obtain information that enables a better understanding of the pandemic and the reopening of the business?
- ▶ What are the potential tax considerations relating to the changing work environment?
- ▶ How do emerging immigration and tax issues impact our human capital management planning?
- ▶ How is the company maintaining compliance with the terms and conditions of money received through economic stimulus packages related to the pandemic?
- ▶ How is management engaging with key political leaders and educating them on the impact of the crisis and need for relief and regulatory flexibility?

As economies reopen and people return to work and social engagement, a new normal will be created over time. New ways of working will lead to new expectations, demands and practices, including around workplace flexibility, reward frameworks and workforce strategy and programs. Companies will need to upskill and reskill their people for a workforce of the future that is more quickly and broadly reliant on technology and in need of the risk management, security and communication skills required by that shift.

In this period of disruption, companies need to not only nurture technical skills but also promote continuous learning and new ways of thinking and responding to change. This may include enhancing human capabilities, such as critical thinking, the ability to collaborate, and feeling comfortable with ambiguity and change. Boards must demonstrate the right tone at the top and work with management to redefine value for a re-imagined future using a broader, longer-term lens that better considers stakeholder outcomes.

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