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EX FACTOR:

Reimagining the employee experience through the operating model

Employee expectations about how they work are not changing. They have changed. As companies adapt to the massive disruption of COVID-19, they must move quickly to redefine workforce strategies, re-engage employees, and reimagine the employee experience (EX).

Employee engagement has taken a significant hit over the past few months, dropping to an all-time low with 54 percent of employees "disengaged" and 14 percent "actively disengaged," according to a recent Gallup poll.[1]

And while the pandemic may have flooded the market with a surplus of talent, there remains a shortage of the most desired skills, forcing companies to reassess their employee value propositions to stay relevant.

Organizations that focus on building their "EX Factor" will attract, develop, and retain top talent while reducing cost to serve and enhancing operational agility. Achieving these outcomes requires a pivot to a new, employee-centric operating model, one that re-orients teams around what matters most to employees and delivers differentiated experiences to maximize engagement and build trust. It's an approach that is good for employees and for business as companies that craft a differentiated EX at scale outperform their rivals in earnings.

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Employees as customers

The winners on this new playing field are companies that treat employees like customers, infusing a sense of purpose into the experience. Seventy-six percent of executives agree that organizations need to dramatically re-engineer the experiences that bring people and technology together in a more human-centric manner.[2] Co-creating experiences with employees based on their increasingly liquid expectations completes the EX play and creates a greater sense of brand loyalty within the workforce. Eighty-one percent of HR leaders have already rolled out or are piloting various technologies to improve the employee experience.[3] Those that successfully activate a purpose-led EX create a community of valuable brand stakeholders all working together to shape the next era of engagement and competitiveness.

The pandemic has pushed companies to rethink ways of working and become hyper-sensitive to the personal and professional needs of its current and future employees. This has accelerated the next generation of business offerings: enterprises are becoming collaborative partners in experience creation—not just providers of it—ultimately transforming their relationships with customers and employees. The value is significant, quantified not only by traditional metrics like employee retention and net promoter score, but also by customer effort score (CES), which serves to calculate the collective ROI of positive micro-experiences provided across the organization.[4]

One global retailer took a product development approach to enhancing the employee experience. They started with redesigning their employee discount program, one of the most highly valued employee benefits. They introduced a new digital program that enabled associates to review and apply discounts on their device while at the register so they could see how much they were saving in real time. They also could earn additional discounts based on performance, anniversaries, etc. The goal: drive loyalty and retention by focusing on what employees value most at a time when the cost and volatility of hiring had never been higher.

Disrupt to deliver

Of course, treating employees like customers to deliver high-value experiences is easier said than done. It's difficult to provide differentiated EX when skills or tools exist outside of single functions. And 93% of companies note their very existence is jeopardized by operating models that can't keep pace.[5] COVID-19 has accelerated the need to self-disrupt and reorient teams to be more flexible and resilient, leveraging an expanded talent and technology ecosystem. By reimagining HR, finance, IT, and Global Business Services (GBS) into employee services, companies eliminate functional silos and reset cost structures to self-fund and deliver EX at scale.

One example: it can be difficult to create a delightful experience for onboarding if the onus is on the new employee to navigate through corporate silos and coordinate disparate touch points. An EX-based approach puts the employee outcome at the center of the model and empowers teams to create solutions that deliver it in a way that delights the employee and lowers the company's cost to serve. Like with customers, the employee has primacy and teams are organized around the outcomes they value the most. It's what one global beverage company decided to do: break through silos and organize their operating model around six employee services, such as "Joiner," where the entire onboarding process was enhanced. And "Growth," where employees could access relevant learning experiences on the go. Each service was led by a global experience owner empowered to reimagine the people, processes, and tools required to deliver the desired employee outcomes.

Organize around outcomes—not functions

I have a professional need...
I am joining a new company

New Joiner Onboarding is an opportunity to create a signature experience

I have a professional request...
I have a new employee joining into my group

Service is triggered → **EMPLOYEE JOURNEY** → End of service

END-TO-END SERVICES ACROSS FUNCTIONS

HR
- Orientation
- Transfer
- Address change
- Tax change
- Benefits change
- Payroll set up
- Relocation

Finance
- Cost center mapping
- Signing authority
- Expense management

Procurement
- Contingent labor vendor

IT
- Security profile/role
- Authority levels
- New system access

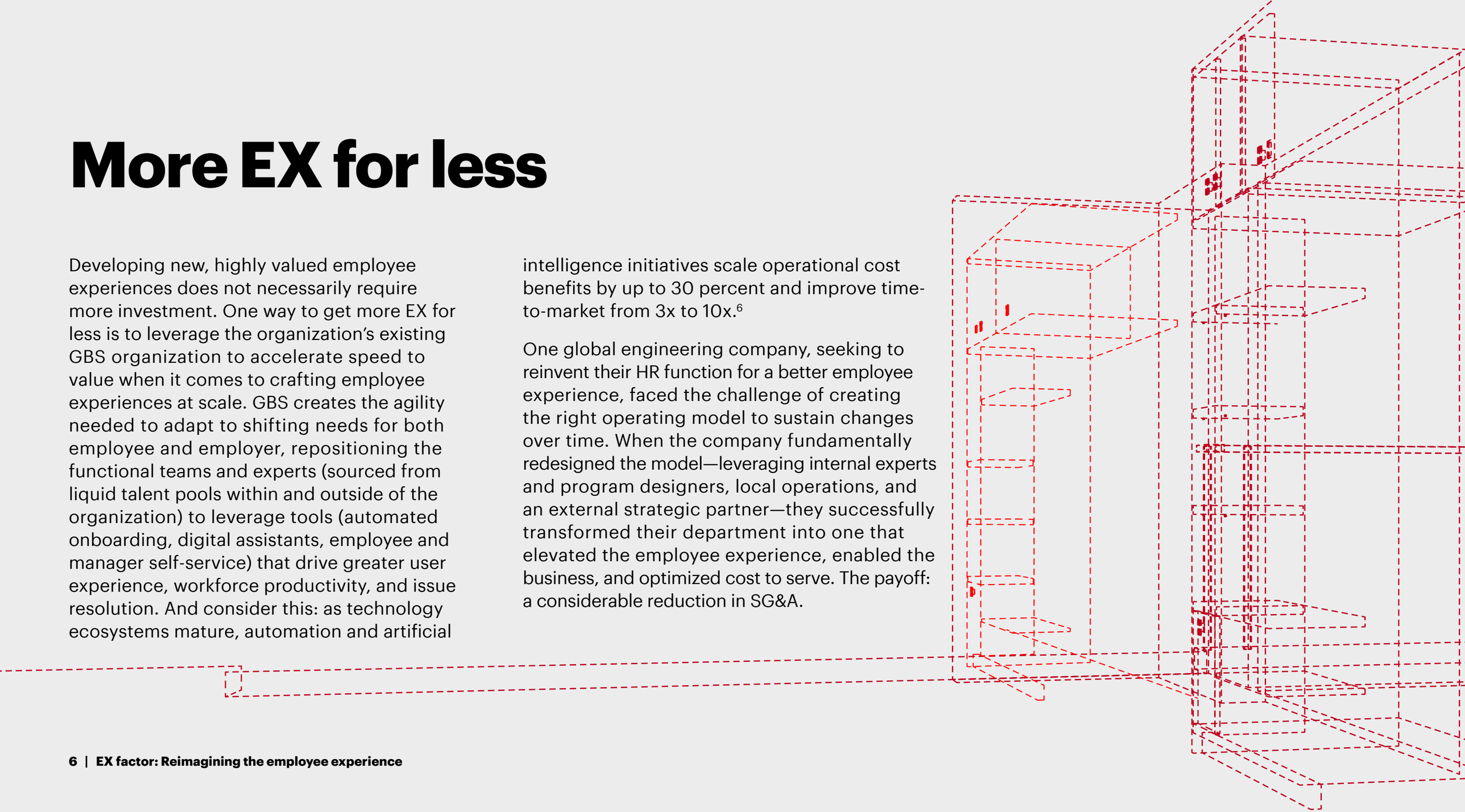
Facilities
- Building access
- Security card
- Cube/office
- Supplies
- System access
- Parking space
- Health & safety

Stores
- Orientation
- Uniforms
- Workplace schedule
- Store discounts

More EX for less

Developing new, highly valued employee experiences does not necessarily require more investment. One way to get more EX for less is to leverage the organization's existing GBS organization to accelerate speed to value when it comes to crafting employee experiences at scale. GBS creates the agility needed to adapt to shifting needs for both employee and employer, repositioning the functional teams and experts (sourced from liquid talent pools within and outside of the organization) to leverage tools (automated onboarding, digital assistants, employee and manager self-service) that drive greater user experience, workforce productivity, and issue resolution. And consider this: as technology ecosystems mature, automation and artificial intelligence initiatives scale operational cost benefits by up to 30 percent and improve time-to-market from 3x to 10x.[6]

One global engineering company, seeking to reinvent their HR function for a better employee experience, faced the challenge of creating the right operating model to sustain changes over time. When the company fundamentally redesigned the model—leveraging internal experts and program designers, local operations, and an external strategic partner—they successfully transformed their department into one that elevated the employee experience, enabled the business, and optimized cost to serve. The payoff: a considerable reduction in SG&A.



Putting EX in the Op Model

Winning the war on talent means pumping up your EX factor. Here are three ways to start:

01

Co-create the experience

Customers are regularly engaged to enrich or redefine their desired experiences. Companies must do the same with employees. Instead of telling employees what they value, functions need to invest in co-creating the experiences and outcomes. Consider three lenses to orient the approach: human, physical and digital. Form design-thinking pods to rapidly—think days or weeks, not months—to ideate, define, develop, test, and deploy solutions that enhance the employee's sense of belonging, collaboration, flexibility, and value. One way to focus EX is to craft personas that exist in the organization or are anticipated in the future. What do employees value? How could a differentiated experience drive engagement? Create affinity that impacts retention? Or attract candidates to the company in the first place?

02
Reimagine the model

Companies can no longer rely on just traditional levers, including compensation, attractive benefit packages, or in-person training to engender loyalty and drive retention although they are still relevant. Reimagining the employee experience means more than orienting around employee services. To truly bring the operating model to life, single owners must be established and made accountable for all of the people, processes, experiences, and tools delivered by multi-disciplinary teams to achieve the desired outcomes. And once that construct has been implemented—accelerated by an existing GBS infrastructure—it must be measured by a combination of traditional key performance indicators, or KPIs, such as workforce productivity, time to proficiency, retention, or employee net promoter score. They should also be measured by new key experience indicators, or KEIs, such as customer effort score, service provider NPS, collaboration analytics, and sentiment analysis through voice/chat/email interactions. Doing so will also sharpen the focus of the organization's corporate functions, enabling a pivot towards strategy, policy, and insights and away from lower value work.

03
Empower humans + machines

To deliver the new model at scale and address variable workforce or business needs, companies need to exploit the power of human + machine. Expanding the ecosystem—through a curated network of strategic partners, adaptive or liquid talent pools—can accelerate this evolution and unlock new sources of value through innovation. Seventy-six percent of business leaders agree that current models will be unrecognizable in the next five years.[7] Ecosystems will be the main change agent. Digitizing the enterprise becomes a major enabler, ensuring the new model maximizes not only process efficiencies and business insights, but creates leverage for higher touch "concierge" services related to parental leave, mobility, and performance management. And companies shouldn't just look outside for critical skills. They should reskill the workers they have using an emerging set of partners and tools. Forty-three percent of executives surveyed by Accenture anticipate that in the next three years more than 60 percent of their workforce will move into new roles requiring substantial reskilling due to the impact of technology.[8]

The ROI of EX

When all is said and done, boosting the employee experience isn’t just about attraction and retention. Although for star performers, those are more important than ever. EX is all about ROI. Companies with highly engaged workforces see a measurable bottom-line impact, significantly outperforming their peers and making their organizations stand out during a time of disruption.

References

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