



Is your workforce fit for the future?

Five areas for private businesses to focus on now

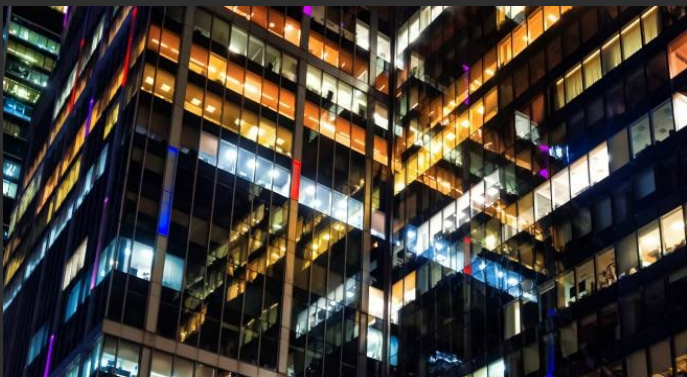
Understanding your agenda

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Over the past couple of years, a set of critical global forces have been reshaping how, where and why people work; at PwC we call them ADAPT. Now the COVID-19 pandemic has turbo-charged those trends. The result is a new world of work to which organisations – not least private and family businesses – must adapt. And there's no going back.

In what ways is this new working world different? With lockdowns forcing businesses worldwide to become virtual overnight, employees who had never worked from home before suddenly had to change lifelong behaviours. Equally suddenly, employers have needed new ways to maintain visibility and oversight of their workforce. In each case, technology has provided the answer.



Technology, diversity and social awareness have increased in importance

Since COVID-19 hit, organisations across all sectors have redoubled their use of technology to boost speed and efficiency. This in turn has changed the skills and priorities within businesses. And having experienced how fast they can move when compelled to, leaders are eager to maintain the pace. In our recent global CEO Survey, over 50% of CEOs of privately owned businesses said that they are planning to significantly increase their long term investments in digital transformation over the next 3 years. And in our global Family Business Survey 2021 80% of owners said that digital, innovation and technology was a key priority over the next two years.

The pandemic has also opened up the opportunity for a radical rethink of the employee value proposition. With different generations looking for different things from their employer – including more flexible work and careers – and lifelong learning becoming the norm, businesses can now use technology to help meet these changing needs. For example, in our recent Hopes and Fears 2021 survey, 77% of respondents said that they are ready to learn new skills or completely retrain but they also indicated that they thought it was primarily for an employer to provide that training.

An important workplace megatrend accelerated by the pandemic is environmental and social awareness. Issues like climate change, diversity and inclusion and fairness are increasingly influencing people's willingness to join and stay with a company. Again in our Hopes and Fears 2021 survey, 75% of respondents said they want to work for an organisation that will make a positive contribution to society, although not at any price.

The difference for private businesses

While the changes described are impacting all types of organizations, their implications for private and family businesses are especially profound. Why? Because these firms' biggest strength is often their loyal workforce, reflecting the care and personal commitment they show to their employees. A two-way trust that has been built up, often over generations. This makes it absolutely critical to ensure any changes impacting the workforce are planned and executed in the right way.

The sheer scale of the transition to the new world of work can make it daunting, especially for a private business with limited resources. However, in some ways the pandemic has boosted private businesses' capacity for people-related change. With many employees moving to remote working or being furloughed, close and constant cooperation between the Human Resources Director (HRD), CEO/ Chief Operating Officer and Chief Financial Officer has become vital. The effect is that the HRD has progressed from executing decisions to a central role in making them.

But whatever those decisions may be, it's imperative that leaders put themselves in their employees' shoes – especially given today's widespread concerns over job security. Our Hopes and Fears 2021 survey shows that people working in family businesses are more optimistic about the future of work than non-family business employees. But they're also more likely to think technology will make their jobs obsolete by 2025. So it's vital to consult and communicate openly about any changes being planned – and show everyone why these are of benefit not just to the business but to the employees themselves.

Five areas to focus on now

So, as you take your people with you on the journey to your future workforce, how will you navigate the route? We've identified five areas to focus on.

1. Map out the work and the workforce needed in the future

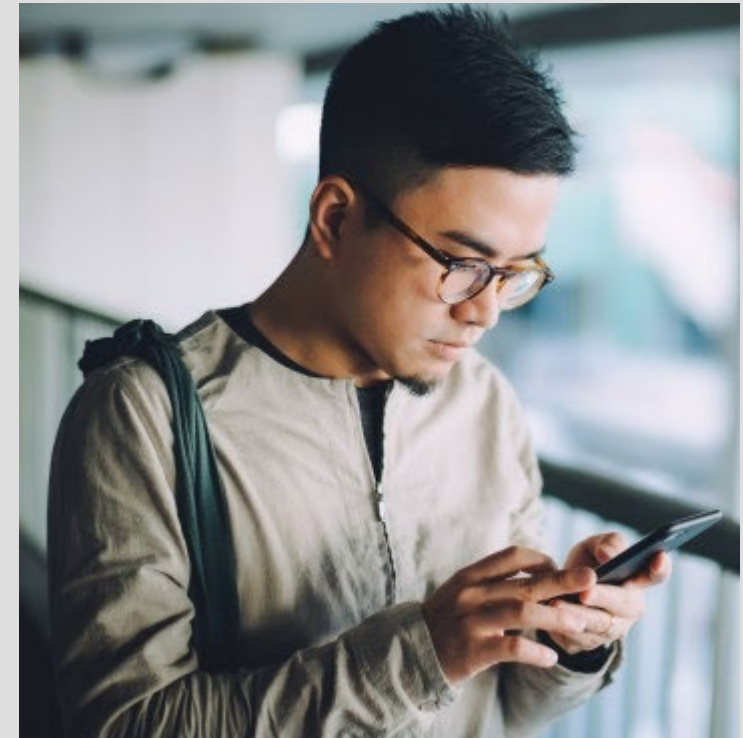
The first pillar starts with asking some tough questions. Is your current workforce right for the work that you need to do to be successful in the future? This [Harvard Business Review article](#)¹ highlights the important difference for a business between digitising and digital transformation; the latter being about creating real long term advantage not just staying afloat. Our recent [Family Business Survey 2021](#) reported that only 39% of family businesses say their digital capabilities are strong, and only 19% say that their digital journey is complete.

To really succeed with digital transformation, businesses have to reimagine their organisation and their workforce. Will the mix of skills and capabilities you have today meet your needs going forward? If not, how will you build, borrow or buy those skill sets?

The good news is that PwC's [New World. New Skills](#) report highlights, employees are keen to undertake lifelong learning for a more digital world of work. And our [Hopes and Fears 2021](#) research finds that 29% of family business employees think technological developments will significantly improve their job prospects, against just 17% of non-family business workers.



¹ Leinwand, P., Mani, M.M., (2021), 'Digitizing isn't the same as digital transformation, Accessed at: <https://hbr.org/2021/03/digitizing-isnt-the-same-as-digital-transformation>



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2. Update your employee value proposition for employees' changing needs

What is the “deal” you’re offering your people? Has it changed as a result of the pandemic and what does it need to look like in order to deliver successfully in the future? As employees’ needs and expectations change, the value proposition to attract and retain them changes too. Your future vision for the business should include the removal of costly, outdated practices, reflect the flexibility desired and the creation of a working environment and experience that helps people feel engaged, driven and included. How will you achieve these different priorities?

3. Work out what virtual working will look like for you

The initial switch to home-working happened at speed. But it’s now time to advance from immediate responses to a sustainable model of virtual or hybrid working for the long term. This means understanding and planning for new – often hybrid – working patterns and office use, including understanding where roles can be most effective. Significantly, our Hope and Fears survey finds that 66% of family business employees think there are elements of their work they could do from home, compared to 55% of other workers. But whatever changes are made, top-down edicts won’t work: it’s vital to engage with employees and take their views into account. This is even more the case when needing to engage those workers who must be site-based against those that can operate more flexibly.



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4. Realign employee reward with your real sources of value

A different workforce working in different ways requires a different approach to reward. This may mean looking beyond traditional structures and finding ways to reward and recognise positive behaviours such as upskilling, entrepreneurship or the creation of societal value aligned with your purpose and legacy. You might also consider concepts such as rewarding and recognising ongoing learning, virtual reward or reward passports.

5. Reset performance management and incentives

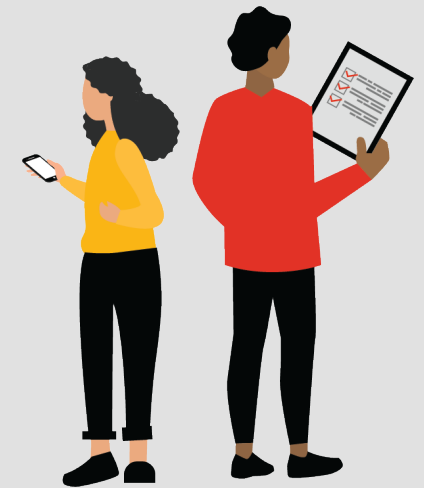
For many private businesses, the events of the past year have provided a great opportunity to press the reset button on the whole reward package but specifically on incentives - focussing on how to set targets and determining what performance should be rewarded. The changes usually include a greater focus on recognition, both financial and non-financial but also raises questions around the role of performance management in a virtual working environment. For example, our experience both with clients and across our PwC network shows that immediate peer-to-peer recognition for colleagues who go the extra mile are really effective in driving engagement and productivity. It demonstrates that the business places a high value on behaviours that support its direction of travel, including those with non-financial outcomes.



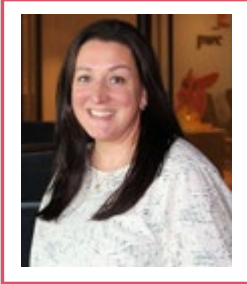
No time to lose

As restrictions ease there are many immediate priorities to address, ranging from bringing people back from furlough, to reopening offices, to reviewing funding arrangements. While these are important, it's vital they don't divert your attention from the longer-term imperatives of adapting your operating model to the post-pandemic world. And equally important is rethinking your future workforce, and doing this with your values and purpose at the very centre of your thinking.

There's no one-size-fits all solution to these issues, meaning there's a risk they might be put in the "too difficult" box and left for later. They shouldn't. Start laying plans today, and engage with your people to see how they envision the future of work for themselves and your business.



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