



Building a better working world

Rapid Cost and Workforce Assessment

Rethinking workforce cost and rewards through a global crisis

Companies face unprecedented challenges in responding to the novel coronavirus outbreak. Chief among these challenges – weighing cost-savings considerations with respect to employee pay and benefits.

Evaluating the current state

In the wake of COVID-19, organizations are facing unexpected financial pressures, requiring executive teams to quickly make decisions and act to secure the future. As a result, organizations need practical and actionable levers to pull to meet the current business and people needs. The following are workforce cost and physical return to work related actions available to leaders to evaluate.

- Reduce and reallocate discretionary spending
- Help implement hiring freeze/pause
- Consider voluntary and involuntary furloughs (partially paid with benefits)
- Restructure incentive arrangements (equity/bonus/commission)
- Delay/freeze compensation adjustments
- Implement voluntary severance/retirement programs
- Suspend 401(k) matches; freeze existing defined benefit (DB) plans
- Help Implement unlimited paid time off (PTO) plans
- Assist with establishing an employer-sponsored foundation
- Restructure health and welfare (H&W) expense

EY rapid cost and workforce approach

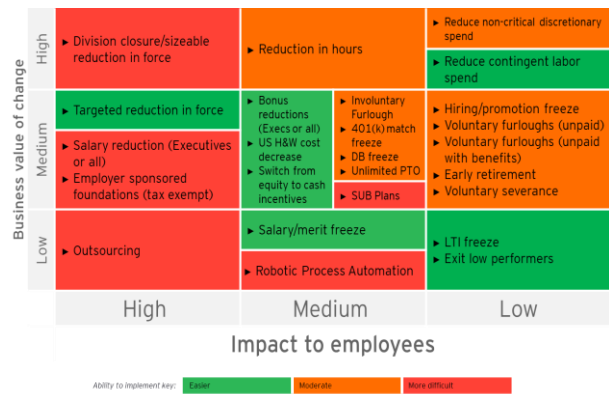
EY has developed a broad workforce economics approach that enables organizations to model short-term and longer-term planning and actions, including those relating to employee plans and programs, as well as the overall workforce. The approach allows senior leaders to align on and prioritize actions based on business needs and consider workforce-related savings options. We have the ability to help:

1. Provide a directional estimate of workforce cost reductions utilizing our **Workforce Economics Modeling Tool**
2. Review a range of actions that address current business needs, and assess financial vs. workforce impacts
3. Tailor actions based on value of the change while minimizing impact on employees
4. Evaluate employee sentiment around physical return to work and remote work attributes utilizing **Conjoint analysis**

EY workforce economics approach

Workforce actions

Evaluate decisions based on value vs. employee impact, align across stakeholders, and implement mindfully



Workforce modeling tool

- 1 Begin with your aligned guiding principles and initial objectives
- 2 Explore multiple scenarios using preloaded or employer-specific variables, which can be defaulted or further refined



Combined Cost Saving Measures	\$ 8,992,276
Cost Savings Target	\$ 10,000,000
Target Achieved	\$ 8,992,276
Savings Surplus (Shortfall)	\$ (1,007,724)

Conjoint analysis

- 1 Begin with current remote work and physical return to work attributes
- 2 Explore multiple scenarios using areas of flexibility (employment, location, schedule, rewards)
- 3 Conduct employee survey and conjoint analysis to determine employee sentiment around return to work attributes

Employee sentiment

Employment

- Part time/seasonal/Job share
- Contingent/gig workers
- Seasonal/ Part year
- Phased retirement

Schedule

- Alternative schedule
- Condensed workweek
- Flexible start/finish time
- PTO/Unlimited vacation/Sabbatical
- Leave (paternity, caregiving)

Location

- Workspace (resident/flex/mobile)
- Telecommute (Ad hoc/ Scheduled)

If these were your only options, which would you choose?
(1 of 6)

<p>Commute Time 10 - 30 minutes <small>A commute is a journey you take from home to work and back again.</small></p>	<p>Remote Work Financial Support \$100 allowance for equipment/tools enabling remote work</p>	<p>1 hour - 1.5 hours None</p>
<p>Salary No salary change</p>	<p>10% decrease in coverage 10% decrease in coverage</p>	<p>10% salary reduction Current coverage</p>
<p>Paid Time Off Current</p>	<p>Current plus 3 days Current plus 3 days</p>	<p>Current plus 3 days Current plus 3 days</p>

Getting started

01 Gather data

2-3 days

- Understand business need and revenue impacts
- Collect employment cost data
- Establish initial cost reduction needs
- Establish cost-reduction principles

02 Detailed analysis

3-5 days

- Model 3-5 scenarios based on cost-reduction needs
- Conduct virtual workshop to review scenarios and align
- Conduct detailed analysis on desired scenario

03 Build plan and execute

Build plan: 3-5 days, Execute: Varied

- Leadership sign-off
- Operational actions required to execute (legal and compliance review, payroll, vendor communications, etc.)
- Organization and talent planning services for any headcount reductions
- Change and communications plan
- Consider short- to medium-term workforce ramp-up and potential fluctuations
- Create linkage to enterprise risk management (ERM) and ERM mitigation plans

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