



Optimizing the workforce during an economic downturn

The Modern C-Level Executive: Thoughtful. Talent-Focused.

December 2022

Reduce costs while enhancing and maintaining talent

Despite economic headwinds, **employees remain the fuel** of every organization’s growth strategy. To optimize the workforce and chart a cost-effective path for future growth, an organization should continue to approach cost efficiency with a strategic vision of **attracting, engaging, developing, and retaining top talent** through **modern and meaningful experiences** that drive productivity increases, efficiency gains, and cost savings.

58%
of CFOs said cost optimization is their top concern

What’s at stake for organizations for the upcoming year?

In the KPMG 2022 U.S. CEO Outlook, **91 percent** of U.S. CEOs believe there will be a recession in the next 12 months. Despite this, US executives should **think beyond short-term savings** and recognize investments in people are investments in the business, and **talent is key to competitive advantage**.

73%
of organizations are concerned about talent retention with inflation & rising cost of living

Transforming and optimizing workforce costs

Workforce Assessment	Description
Operating Model Assessment	Analyzes the organizations operating model to determine potential changes to the service delivery model, technology and/or processes resulting in cost savings.
Work Activity Analysis	Creates an understanding of time and effort spent per FTE to understand the scope of work being performed by employees allowing for a future state sizing/restructuring of the service delivery model, a business case for implementing new technology.
Future Labor Cost	Leverages current workforce costs against staffing level projections to estimate projected costs in different scenarios (i.e., high vs. low).
Contingent Labor	Analyzes vendor management and service delivery costs of the contingent workforce population against leading practices to increase efficiencies.
Location Analysis	Provides a detailed, step-by-step approach to align on cities of interest, discuss location criteria/weighting based on cost attractiveness, and a sensitivity analysis
Human Capital Diagnostic	Measures talent opportunities and risks across the 6 most impactful areas of the overall talent landscape through an assessment, followed by an actionable roadmap.
Spans & Layers	Identifies employee and manager efficiency recommendations (i.e., reducing layers to improve decision-making, increasing scalability through wider spans of controls).
Learning-as-a-Service & Learning Strategy	Integrates connectivity between client’s learning management/platforms with KPMG learning technology to support curated content, assessment diagnostics, performance support, and employee learning engagement.
Retention Analytics & Employee Retention	Provides clients a retention risk model and associated dashboard to proactively detect at-risk talent and identify factors that prompt talent to leave vs. stay. Includes a stay survey, identified high risk personas, employee retention strategy, and recommended actions.
Job Design & Career Architecture	Enables a globally consistent language for managing jobs and developing employees through the build out of career paths and standardization of employee job data within a HRIS.

47%
of leaders expect to slow hiring and reduce operational costs over the next year

Sources: KPMG 2022 CEO Outlook Survey, CFO.com

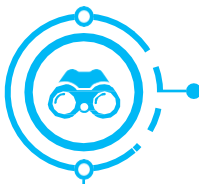


How can the C-suite optimize their approach to human capital management?

To establish a cost-effective human capital strategy, the C-suite should partner and align with each other to:

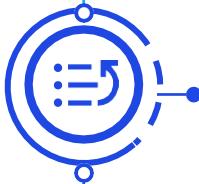
- Evaluate additional cost saving considerations, beyond financial returns, including **employee experience**, **operational impact**, and **service delivery risk**
- Balance business priorities with the **economic realities** and **employee expectations**
- Embrace **automation** and **digitalization** to enable **connectivity** across the business and increased **productivity**

How can C-suite leaders get started?



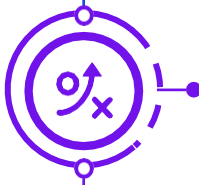
Assess & Analyze the Landscape

- Leverage **data**, **cutting edge technology** to assess and analyze the current state
- Identify **critical gaps**, pain points, and employee sentiments



Prioritize the Objectives

- Conduct a visioning workshop to **identify strategic priorities**
- Align on **guiding principles** that keep your people at the center



Design the Roadmap

- Create an actionable **implementation roadmap** of quick wins and solutions
- Define **key success metrics** such as KPIs and benchmarks with leadership



Implement the Solution

- Deliver initiatives and programs to **execute on the implementation roadmap**
- Sequence and prioritize human capital opportunities to **drive efficiency gains** and **cost savings**



Our Perspective

“ As organizations move beyond initial rounds of cost reductions, it is critical to ensure the optimum impact of every budget dollar. Organizations should clarify their priorities, continue to invest in their people, and use the opportunity to evolve their service delivery model to support today's workforce. This involves designing, building, and operating your human capital strategy differently. By doing so, this economic period can have a substantial and far-reaching positive impact on your organization's long-term success and position you for the rebound. ”



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