



# Designing an evolved organization

The future is now

June 2022



# The pace of change is relentless and accelerating

Managing teams across state—and national—boundaries. Adapting to more contingency workers. Automating routine tasks. Ensuring employees find meaning in their work. Allowing at least hybrid—if not fully remote—work arrangements. The workplace may have been changing before COVID-19, but dynamics have accelerated its transformation. While some changes wrought by the pandemic may be flashes in the pan, others are likely permanent. For example, 71 percent of employees want to continue to work from home at least part of the week, according to a recent Microsoft study.<sup>i</sup>

There are three key disruptions impacting companies today that illustrate the fact that the time for change is now:

## 1. Relentless technology adoption

With the rapid pace of digitalization, organizations that take a reactive approach will find themselves playing catch-up. Static solutions typically become obsolete by the time approval, development, and rollout are completed. Further, as customers increasingly expect seamless, connected interactions with companies, the status quo can change at a moment's notice.

Digitalization can elevate existing jobs and enable new ones. However, it is critical to ensure that employees don't feel intimidated—or out of synch—with new technologies. Research shows that the more employees must navigate new technology programs, the more likely they will experience burnout.<sup>ii</sup> And, according to the KPMG global Future of HR 2020 insights, 56 percent of human resources executives surveyed say that preparing the workforce for disruptive technologies is their most significant challenge.<sup>iii</sup> With workers feeling the heat of disruption, 44 percent worry that technology could replace them.<sup>iv</sup>

<sup>i</sup> Carol Sankar, 4Tell-Tale Stats That Shed Light On the Future of Work, Inc.

<sup>ii</sup> Workhuman, How the Great Resignation Will Shape HR and the Future of Work

<sup>iii</sup> "Future of HR 2020: Which path are you taking?" KPMG International, 2019

## 2. A spectrum of employment models

Most organizations were forced by the pandemic to embrace new employment models. It was enough of a challenge to adjust to remote and hybrid working arrangements. Many saw their departments reorganized, their roles eliminated, or their teams evolve. And workers were expected to adjust to new paradigms without a decline in productivity.

According to a recent LinkedIn survey, 50 percent of American workers now view flexible hours and locations as significant factors when searching for new jobs, and a similar proportion feel work-life balance is now even more important than before the pandemic.<sup>v</sup> At present, nearly 50 percent of employees now work remotely, compared to only 30 percent before the pandemic, according to a recent Gartner report.<sup>vi</sup>

<sup>iv</sup> "Future of HR 2020: Which path are you taking?" KPMG International, 2019

<sup>v</sup> LinkedIn Workforce Confidence Index research, Surveyed May 22 to June 18, 2021

<sup>vi</sup> Future of Work Trends Post COVID-19, Gartner, 2022.

As we look forward, organizations would be wise to continue to provide the tools and resources to facilitate new ways of working, or they risk losing valuable employees. Many are experiencing burnout due to a lack of separation between their work and private lives, not to mention “Zoom fatigue.” Over time, long hours and relentless video calls must evolve into a healthier form of hybrid, flexible working. Critical additions to the spectrum of work arrangements are well-paying contingency roles and jobs that are part of the “gig economy.” Ultimately, companies that offer greater choice around work arrangements will realize greater employee happiness, well-being, and productivity.

### 3. Changing employee expectations and demands

Employee turnover is at an all-time high for many organizations. The combination of financial security and personal priorities has driven many workers to take stock of their lives and consider reimagining their futures. As reflected by the “Great Resignation,” only 36 percent of U.S. employees say they’re engaged in their work and workplace, and more than 50 percent of U.S. workers intend to look for a new job this year.

For every unemployed person today, there are 1.9 jobs available.<sup>vii</sup> As a result, employees have gained more negotiating power when it comes to work-life balance, compensation, and working styles. Successful organizations are responding by helping their workforce develop new skills and capabilities, according to 40 percent of chief executive officers (CEOs) surveyed by KPMG.<sup>viii</sup>

Many employees, particularly Gen Z and Millennials, are seeking employment at companies that embrace diversity, equity, and inclusion; commit to making a positive impact on the wider world through environmental, social, and governance (ESG) efforts; and ensure that employees at all levels of the organization feel their work has purpose. Companies are largely heeding this call. According to our 2021 CEO Outlook, 30 percent of senior executives are planning to invest more than 10 percent of their companies’ revenues in ESG initiatives over the next three years.<sup>ix</sup>

<sup>vii</sup> Howard Schneider, As some states hit record low unemployment, Fed faces tough adjustment, Reuters, May 3, 2022.

<sup>viii</sup> KPMG CEO Outlook, KPMG LLP, 2021.

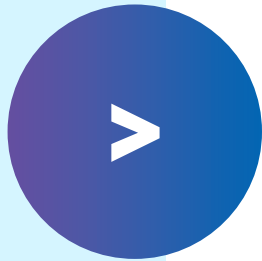
<sup>ix</sup> KPMG CEO Outlook, KPMG LLP, 2021.



# How to evolve your organization

In response to the growing external and internal demands, including relentless technology adoption, new employment models, and empowered employees, following are the keys to reimagining and effectively evolving your organization.

The Adopt, Lead, Engage (ALE) model outlined below is designed to help guide you to make the right investment bets and create an environment that attracts and retains professionals with scarce, in-demand skills.



## **A**dopt digital technologies to supplement, not replace, employees

Digitalization is becoming ubiquitous and can elevate and enable existing jobs. In a market saturated with technology options, it is vital to embrace data, analytics, automation, and technology solutions to eliminate operating inefficiencies and give employees a streamlined and personalized digital experience.

## **L**ead your organization through reimagined workforce paradigms

The double disruption of the 2020 pandemic and the digital revolution has accelerated a new, distributed workforce model with changing management responsibilities, working hours, locations, and structures. In the face of all this change, leaders must implement a certain level of organizational agility while maintaining operational effectiveness.

## **E**ngage your workforce through personalization and purpose

Organizations are slowly becoming accustomed to greater employee power, compelling many to pay closer attention to workers' needs. Offering personalized career paths and experiences, greater transparency, and flexible work arrangements are now table stakes when redesigning the employee experience journey.

# A Adopt digital technologies to supplement, not replace, employees

**Smart technology investments make organizations more resilient, agile, and productive.**

According to the KPMG 2021 CEO Outlook Survey, 78 percent of CEOs want to be quicker to shift investment to digital opportunities and divest businesses that face digital obsolescence.<sup>x</sup> However, there is a need for organizations to be thoughtful about both why and where they deploy digital solutions.

The potential benefit of technology implementations is that they allow automation of transactional back-office processes so that human talent can focus more on strategic, value-creating activities. Businesses that take a hard look at their organizational weaknesses prior to procuring and designing an organization-wide enterprise resource planning (ERP) or employee human capital management solution, for example, may be able to implement a single tool that addresses all their needs.

Employment models, organizational structures, and talent should be the primary focus with technology and processes acting as enablers. The maximum positive impact of technology on your organization's effectiveness can only be obtained by considering how the technology and new processes will enable organizational structures and ways of working. Additionally, within new models, collecting data and leveraging analytical tools are differentiators for organizations, allowing them to effectively monitor their organization and measure their talent's performance in a dispersed workplace environment.

<sup>x</sup> KPMG CEO Outlook, KPMG LLP, 2021.

## NFL gets their head in the analytics game

Teams in the U.S. National Football League (NFL) have been quick to latch onto an analytics-fueled platform for predicting plays and player performance, which then feed into the NFL's revenue-generating products associated with initiatives like Fantasy Football and betting market partnerships. In addition to enhancing customer experience and augmenting tech-based income streams, people analytics systems have been adopted quickly for hiring decisions. When drafting players, data scientists use predictive analytics with advanced GPS techniques to track players' patterns on the field and they use machine learning models to determine draft picks' likelihood of career success. At their core, these are human-capital decisions that provide a model for how organizations can adopt data analytics and technology to influence decision-making around both talent management and customer success initiatives.



# Lead your workforce through reimagined workforce paradigms

By building agile and flexible organization models, companies will be able to help employees adapt to a spectrum of new workforce paradigms.

The need to adopt new working models extends beyond physical locations and tele-working software. New themes are emerging, and the most successful organizations will assess how to adopt new ways of working, including the following:

- With the potential for staff to be based anywhere in the world and choose their own working hours, the 9-to-5 workday must be reconsidered.
- The role of the middle-manager is starting to diminish, which is giving senior executives more direct access to the work being produced with less bureaucracy.
- Moving from one point of contact with consumers and customers to a team-based approach focused on quality, impactful customer service is necessary.
- Breaking down traditional department silos where projects get tossed over the fence to the next chain link is done by embracing agile teams filled with cross-functional individuals with specified capabilities that see a product developed and delivered end-to-end.
- The shift to multioffice settings opens enormous possibilities for collaboration and innovation, with distributed teams combining complementary skill sets with diverse backgrounds, perspectives, and working styles.
- Embracing the gig economy allows organizations to expand their talent reach and organizational capabilities, as they tap into freelancers including writers, marketers, programmers, media artists, social media content creators/influencers, and many others.

Ultimately, redesigning the organization with flexible and agile employment models, rethinking roles to eliminate redundancy, and evaluating team dynamics to drive innovation will position companies for ongoing success.

## Large software company opens a global talent pool

Long before COVID-19, a large software company was ahead of the game with remote working, sourcing skills from around the world, often from nontraditional regions. Their innovative talent management approach puts people first, with a high-touch communication strategy that keeps workers in contact with each other and with management, while promoting a cohesive culture and personal development.

Not only did the company design roles with the dispersed model in mind, but the employees can work independently in different time zones, leveraging technology to collaborate when needed. Teams can choose how to meet company-wide objectives, which fosters self-management and motivation. The company has made wise technology investments that enable scheduling, project management, and communication to support its distributed workforce culture.

# E Engage your workforce through personalization and purpose

**Amid the “Great Resignation,” organizations are slowly becoming accustomed to greater employee influence. Although elevating employee experience is often used as a technique for reducing staff turnover costs, employers would be better served viewing employee experience as a value generator. To attract and retain valuable employees, companies need to pay closer attention to workers’ need for personalization and purpose, even within the design of the organization.**

Some critical components of the personalization effort include:

- Creating transparent career ladders where individuals can chart their personalized career paths and experiences
- Aligning people, work, and competencies with business strategy to drive performance
- Creating space within organizational structures for lateral career moves, as well as new employment models driven by meaningful employee experiences
- Ensuring transparency into performance management and experience-driven career growth
- Providing on-demand and in-the-flow of work learning and upskilling opportunities for continual growth
- Ensuring that leaders have advanced emotional intelligence to drive an inclusive culture.

Companies that commit to creating a people-centric culture with self-driven career choices can realize a self-sustaining ecosystem of high-performing, highly motivated individuals. A superior experience not only improves the quality of work, but also turns employees into authentic brand ambassadors for both the products/services and the organization itself to attract top talent to the company.

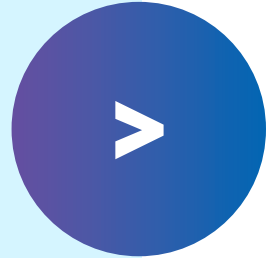
## Company invests inward to build up

Through a series of highly innovative initiatives, a large consumer goods company has driven business value by focusing on what is best for employees and aligning workers’ interests with that of the firm. The company implemented a “Discover Your Purpose” program empowering workers to develop a personalized, future-fit learning plan for themselves and experience a sense of larger purpose. More than 50,000 people worldwide attended the workshops, which are part of a broader upskilling strategy that stemmed from research showing that employees who participated are 35 percent less likely to resign. Ultimately, these efforts generated aggregate savings of over US\$30 million.



# Final thoughts: Mindful investments in the new world of work

There is no quick fix or talent “pot of gold” that can be tapped to solve continual changes and future challenges in today’s business environment. Organizations need to re-examine the way work gets done, the way technology is used, and the way talent is managed and developed to understand the state of their business and create a plan for continual evolution in the new world of work. To this end, organizations will want to consider making impactful—and mindful—investments in the following areas:



## The way work gets done: Service-delivery and operating-model strategies

In the rapidly changing world of work, a redesign of a service delivery model and/or operating model may be warranted. The organizational structure needs to enable the business strategy and serve as the foundation for execution. In other words, the operating model translates the business strategy into enterprise or functional capabilities, essentially the “what” and the “who” of a transformation. The service delivery model then focuses on the “how” within the operating model. Potential investment considerations in this area include:

- How does your current organization structure support efficient ways of working and decision-making?
- Has your organization structure adapted to your evolving business strategies?
- How can you ensure that the organization structure aligns with the right roles to drive better results?





## The way technology is used: New technology and infrastructure strategies

Organizations face constant external and internal pressures to drive efficiencies year over year. The purpose of adopting or enhancing technologies (e.g., an ERP system) is to enable workplace opportunities to enhance the overall employee experience. As technology adapts and changes, so should the organizational structure or the full value of new technologies may not be realized. Potential investment considerations in this area include:

- How can the organization enable new technologies and new ways of working?
- What new skills or capabilities will be required to get value out of new technologies?
- Where could automation make an impact in the organization?



## The way talent is managed and developed: Talent strategies

Employees are at the heart of all organizations and success starts and ends with them. The organization's structure must be able to support the organizational people strategy, i.e., how you attract, develop, and manage talent. To develop a best-in-class structure, the organization design initiative must consider future-state roles first. Once the structure is designed, the focus will need to shift to the organization's talent. Potential investment considerations in this area include:

- Does your organizational structure enable internal career mobility and progression?
- How can the organization use an end-to-end employee experience approach to attract, motivate, and retain top talent?
- Does the current organization structure enable collaboration and innovation?



# How can KPMG help you with your future people strategy?

**KPMG helps our clients develop talent and organization strategies that embraces new technologies and ways of working to build more efficient companies and enable excellent employee experiences. To help ensure organizations achieve their goals and mission fulfilment, KPMG works with leadership and their teams to transform business by organizing work more effectively, developing emerging capabilities, and retaining top talent.**

## **Organizational Strategies**

Organization Design | Job Architecture

## **Talent Strategies**

Leadership Development | Talent Assessment | People Analytics

## **Learning Services**

Learning Strategy & Transformation | Learning Enablement & Analytics Platform



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