

April 30, 2020

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Four Keys to Recalibrating Human Capital Strategy

The impact of the COVID-19 pandemic continues to unfold, changing our approach to personal and work life now and likely for the remainder of 2020. The unexpected economic challenges brought on by the coronavirus pandemic have prompted companies to assess their financial forecasts and adjust as best they can. Beyond making appropriate financial adjustments, every organization should rethink their human capital strategy. And, they should do it now. Below are the four most critical areas of focus during these uncertain economic times.

Human Capital Strategic Planning

More than ever, every company needs to assess their short-term and long-term plans for retaining key employees and maintaining the necessary talent base to weather the crisis. This human capital assessment should be a formal structured activity that is consistently monitored and reported on until the business climate returns to a level of normalcy. Absent a strong human capital plan, companies will emerge from the crisis weaker than their competitors.

Leading During a Time of Crisis

During uncertain economic climates, like this Coronavirus Economy, leadership and management skills differentiate the winners and losers in businesses of all sizes and in all industries. At the heart of this challenge is how adept managers are at maintaining relationships with their employees. Do they know how to rigorously maintain communications, focus their employees, build trust and hope with a team that they may not physically interface with? For many leaders, this is a new test of management skills. Driving employee engagement is now more demanding than ever before.

Compensation and Total Rewards

In the past decade, base compensation grew very modestly in most industries while incentive compensation became a significant portion of total

target compensation. In addition, there has been an emphasis on total rewards beyond compensation, especially for the millennial workforce. Given the likelihood that most organizations will not be able to pay bonuses, it is critical that companies establish a new approach for rewarding workers and staying competitive in the marketplace. On top of that, health and welfare costs remain a central point of discussion at most organizations. At the onset, the pandemic's economic impact shows new strategies for compensation and total rewards need to be addressed and implemented.

Employer Communications and Branding

Human capital decisions made during the COVID-19 pandemic will influence the employer's brand in the future. Employees will remain loyal and support the organization as much as possible if the company is doing its utmost to take care of them. How the company communicates at all levels – from executives to salaried and hourly employees – is at the heart of employer branding. Everyone needs a transparent and consistent message, even if the news is not positive. Employees must be a top concern.

So, while these four human capital areas may seem elementary, a company's key success will be how it tackles the unique strategic needs during this Coronavirus Economy. It is certain that new human capital strategies will need to be established in order to prevail through the current storm.

While this article is a call to action, in the upcoming weeks, Findley's experts will offer best practices within these four core human capital areas during this time of economic uncertainty.

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