

Tech's Workforce of the Future

Upskilling, Reskilling, &
Restructuring for Success

AUGUST 22, 2024

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With You Today



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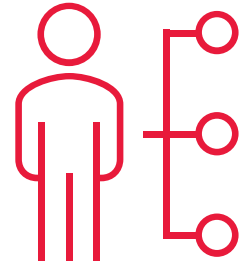
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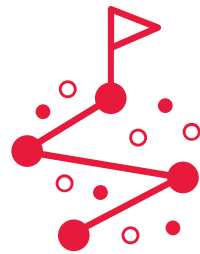
Learning Objectives



Evaluate strategies for implementing effective upskilling and reskilling programs



Analyze best practices for workforce restructuring to retain top talent and foster growth



Build a strategic plan for your workforce to achieve organizational resilience.

Session Navigation

Understand the current climate and what it means for employer-employee relations

Analyze best practices for flexible workforce arrangements that drive retention and growth

Explore how to build a strategic workforce plan that ensures organizational resilience

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The context in which we find ourselves ...

Economic Uncertainty and What It Means for Employers and Employees

TOP-DOWN AND BOTTOM-UP NEED FOR FLEXIBILITY

- ▶ Soft employment market
- ▶ Lots of waiting: interest rates and the election
- ▶ Flexible work arrangements and alternative work arrangements have become more the norm and accepted
 - It is estimated that just over a third of the workforce participates in some form of an alternative work arrangement
 - It is anticipated in this Post-COVID environment we will continue to require work flexibilities
- ▶ When used thoughtfully, these arrangements can result in a solution for both the employer and employee



Employer Needs

- ▶ Stakeholder Expectations
- ▶ Business Agility and Continuity
- ▶ Sustainable Revenue
- ▶ Adaptable Talent Management

Employee Needs

- ▶ To Provide Meaningful Contribution
- ▶ Professional Mastery
- ▶ More Flexibility (beyond just work from home) to Contribute Professionally and Personally

What we know about today...



Employers expect to create **69 million new jobs by 2027** and eliminate 83 million positions (WEF Report 2023).



Nearly one in four jobs are set to change over the next five years as a result of trends including artificial intelligence, digitization, the green energy transition, and supply chain-reshoring.



Technical skills are becoming outdated every **2.5 years on average**.



Companies reported **performance improvements across five key metrics** when using skills-based hiring. 92%: reduction in mis-hires, 91%: reduction in time-to-hire, 91%: increase in retention, 91%: increase in diversity and 90%: reduction in cost-to-hire.



It is predicted that **50 percent of employees will require reskilling by 2025**, while 40 percent of current workers' core skills will change by the same year.



McKinsey estimates that between **400 million and 800 million individuals could be displaced by automation** and need to find new jobs by 2030.

Source: Insights from World Economic Forum Report 2023, Deloitte Human Capital Report, Mckinsey



Discussion Question #1

Currently, are your employees' skills ready to adapt to the disruptive nature of the coming years?

1

Ready

2

Sort of...

3

Not even close

4

I hadn't thought about it yet...

Best Practices

How do companies become resilient in the face of such enormous change?

First and foremost, they need to future-proof their business. Ensure achievement of business strategies and objectives by:

- ▶ Identifying workforce needs
- ▶ Addressing skills gaps
- ▶ Ensuring that the right talent is in the right roles at the right time



The Opportunity: Modulating Work To Reflect Demand

CREATING AN ORGANIZATION RESPONSIVE TO EMPLOYER AND EMPLOYEE NEEDS

CHALLENGES

- ▶ Modulating the work to reflect the demand
- ▶ Alignment of human capital needs with revenue
- ▶ Responding to changing markets
- ▶ Accommodating employee work/life needs
- ▶ Engaging employees with evolving career goals

OPPORTUNITIES

- ▶ Re-envisioning the workforce with built-in flex
- ▶ Flexibility that enables expansion and contraction
- ▶ Flexibility that allows for redistribution of assets
- ▶ Flexibility to help employees manage work/life balance
- ▶ Flexibility to accommodate Baby-Boomers, Millennials, and Gen Z

Become the Employer of Choice

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Solving the Workforce Planning Conundrum

Resilient companies change with the times - to ensure continued success in a Human Capital-intensive business, there are fundamental questions to answer:

- ▶ What skills do you **need**?
- ▶ What do those skills **cost**?
- ▶ Where do you **find** those skills?
- ▶ How **long will it take** to fill open positions?
- ▶ And where will they be **located**?



Discussion Question #2

When you need new skills do you tend to:

1

Hire new positions?

2

Train for the required skills?

3

Hire a consultant?

4

Outsource?

Organizational Design in Context

Driving success by focusing on the human dimension of business



Factors that Impact Organization Design



STRATEGY

- ▶ This is the most important factor for organizational design and structure. Work backward from your go-to-market strategy



MARKET ENVIRONMENT

- ▶ The market environment a company operates in influences its strategy
- ▶ In a rapidly-changing environment, the organization must design for a high degree of flexibility and resilience
- ▶ In a more stable environment, an organization can optimize for efficiency



TECHNOLOGY

- ▶ Digital technologies are an essential factor that both shape and enable organizational design
- ▶ Effective adoption of best-in-class digital tools enables organizational efficiency, adaptability, accountability, and resilience



GROWTH VELOCITY

- ▶ As a company scales, organizational structures must evolve and periodically be transformed
- ▶ Linear scaling of people and layers of management leads to failure, usually sooner rather than later
- ▶ Faster growth means more rapid change, which requires disciplined focus on change management



CULTURE

- ▶ Organizational success begins and ends with people, and hence with organizational culture
- ▶ Organizational design should promote and reinforce a healthy culture
- ▶ No organizational design can be successful absent alignment with a positive culture

What can you expect when you create a flexible structure?

SUCCESS FACTORS

Clearly defined drivers of success in a competitive marketplace

OPTIMIZED WORKFLOWS

Description of how work will be done as the organization scales

CAPABILITIES & RESOURCES

Assessment of how many people we need, with what skills, across our business

ENABLING TECHNOLOGIES

Identification of tools to maximize efficiency and accountability and enable our people to be effective

ORGANIZATIONAL DESIGN ROADMAP

Blueprint for how we will (re)organize people and (re)design business processes for efficiency and effectiveness as we grow

KEY PERFORMANCE INDICATORS

Definition of metrics to assess ongoing effectiveness and trigger adjustments

WHAT DOES FLEXIBILITY LOOK LIKE TODAY?

FLEXIBLE WORK ARRANGEMENT EXAMPLES

Telecommuting

Allow some employees to perform work remotely, such as at home whether on full-time, part-time or ad-hoc basis

Flexible Start and End Times

Allow for start and quit times not specified in contract or policy

Flexible Scheduling

Accommodate employee schedules for special circumstances

Part Time or Reduced Time

Allow employees to shorten the number of hours worked per week, switch from full to part-time, etc.

Shortened Workweek

Allow employees to work four long days rather than a five-day workweek

Sabbatical / Extended Career Breaks

Leave to pursue a career-oriented research project or for personal reasons

WHAT DOES FLEXIBILITY LOOK LIKE TODAY?

NON-TRADITIONAL JOB DESIGN EXAMPLES

Job Sharing

Multiple resources sharing one job, each working less than full time

Intercompany Employee Exchange

Resource sharing within an organization. Exchanges across departments and divisions

Independent Contractors

Utilizing contractors with a specific area of expertise to meet certain project criteria

Rotations

Systematically or opportunistically rotate employees to fulfil needs and enhance employee skills and knowledge

Outsourcing

Contracting with a company to manage a department or function such as IT, HR, Marketing, Finance, Manufacturing

Internships or Apprenticeships

Student work side-by-side with employees typically in a function aligned with their area and can obtain work experience, classroom instruction, mentorship, and a portable credential

Discussion Question #3

Currently, do you mostly hire your employees to be:

1

Fully in office?

2

Hybrid?

3

Fully work from home?

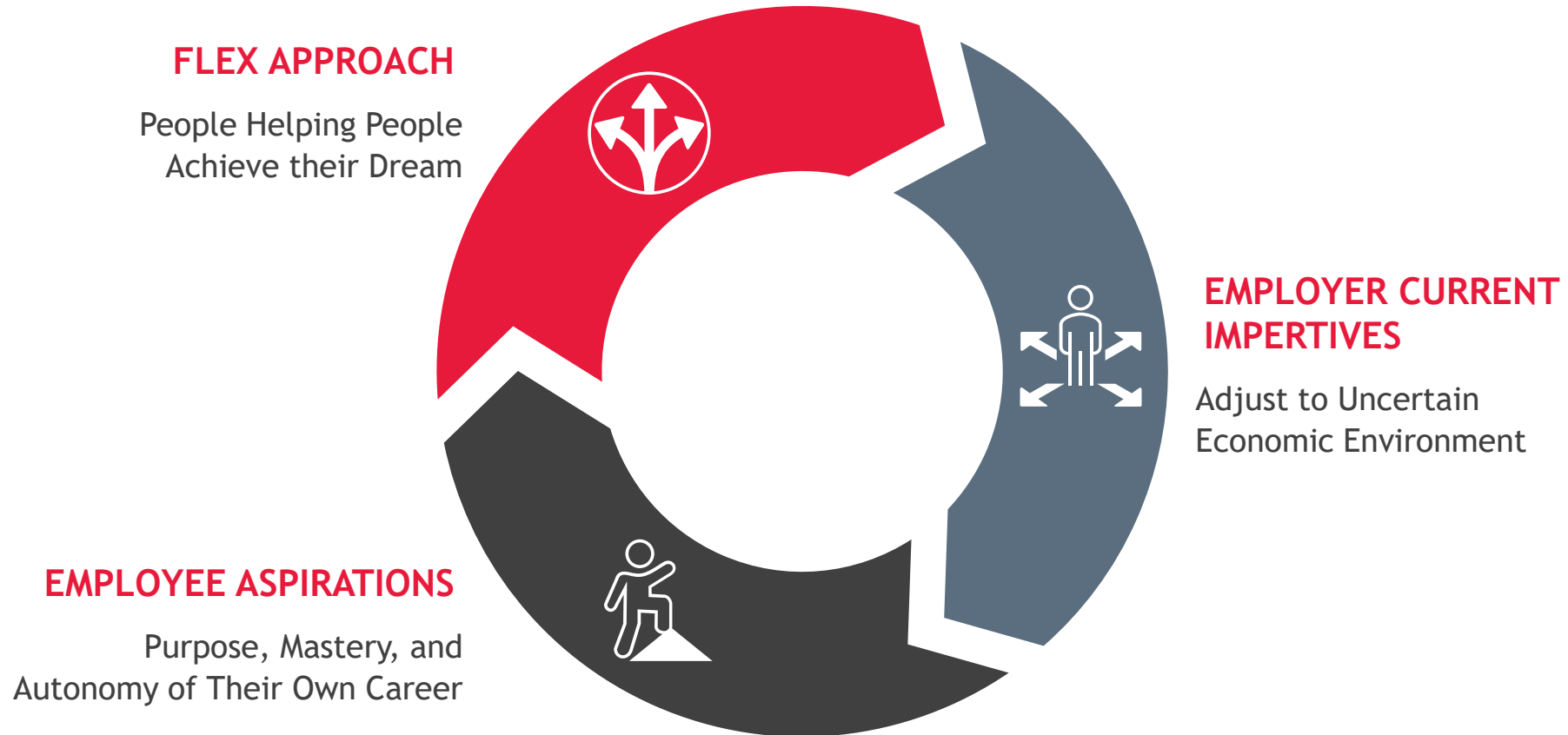
4

Remote?

5

Fully work from home or remote **only if critical skills?**

The “Gig” Economy Can Introduce Skills Where/When/As Needed



Prevalence of Practice

The extended workforce is already sizeable, and growing

\$600B-1.4T in spend

18-30% of the labor force

“I don’t know”

Most frequent answer when asked how many 1099 contractors a company uses

“

The gig economy is one of two major shifts impacting the future of the workforce, changing the structure of how labor is accessed by companies.

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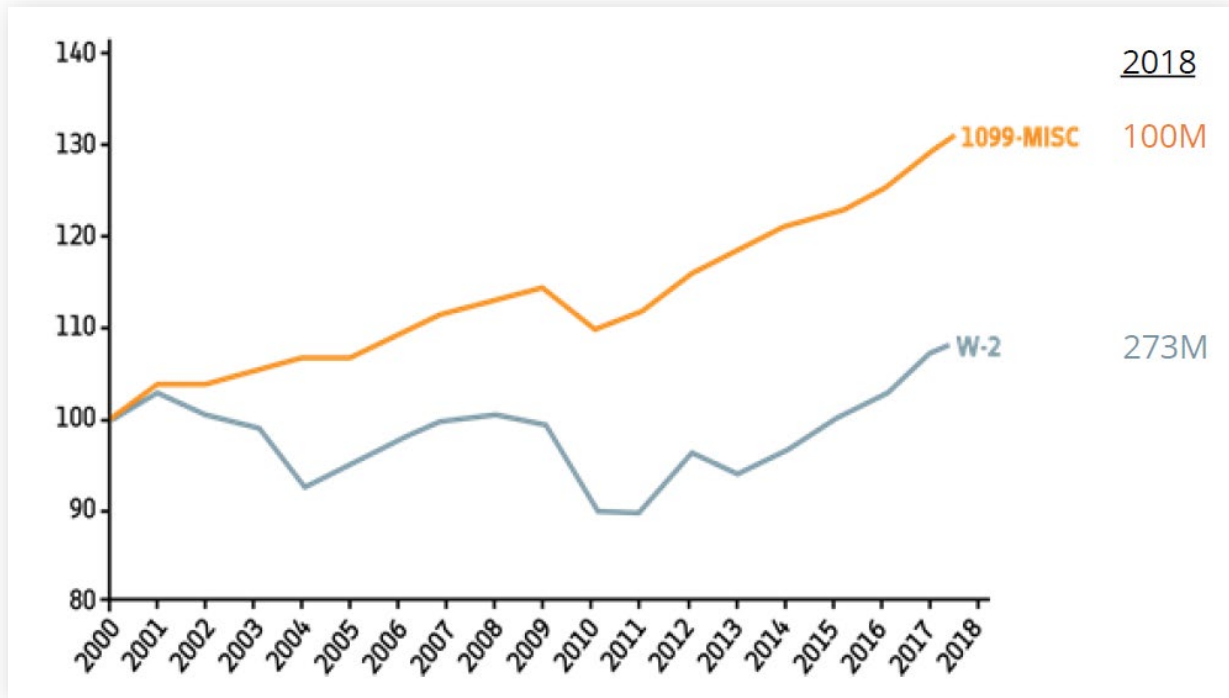
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Digital platforms are transforming independent work. We have only begun to see the impact of these online marketplaces.

MCKINSEY GLOBAL INSTITUTE

Prevalence of Practice

The IRS form filings data paints a more nuanced picture



Source: IRS Publication 6961

- ▶ Freelancers and independent contractors have been around since forever
- ▶ The growth in Forms 1099-MISC seems secular and independent from the sharing economy (e.g. Airbnb and Uber)
- ▶ The overall number of Forms W-2 (and workers) still dwarfs the number of Forms 1099-MISC

Session Navigation

Understand the current climate and what it means for employer-employee relations

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Explore how to build a strategic workforce plan that ensures organizational resilience

The Approach

Scalable based on company size, needs, and maturity



OBJECTIVES

Determine Leadership Goals



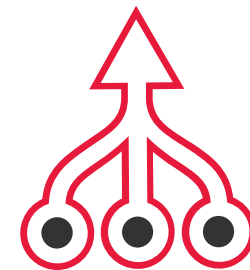
ASSESSMENT

Assess Organizational Readiness



DESIGN

Create the Program



ALIGN

Engage and Communicate

Discussion Question #4

How ready is your organization for a redesign?

1

Has clear objectives?

2

Is organizationally ready?

3

Has a program designed?

4

Has an integrated communication and engagement strategy?

Leadership Vision and Commitment

COMPANY

- ▶ Provides flexibility to fill jobs at the capacity needed
- ▶ Proper positioning will create commitment, creativity and support of work/life balance
- ▶ In many cases, it may be easier to identify and remove poor performers

EMPLOYEES

- ▶ Own their career and their lifestyle - their choice
- ▶ Increases probability of being hired back after furloughs or lay-offs
- ▶ Potential opportunity to explore career options (via internships, apprenticeships, job rotations)

Case Study

TEXAS INSTRUMENTS



ORGANIZATION PROFILE

- Dallas based technology company
- ▶ Manufacturing, design and sales operations in more than 25 countries
 - ▶ Global workforce of 35,000 employees; 19,4000 employees in the Americas



CHALLENGE

- ▶ Employee dissatisfaction with existing flexibility revealed in needs assessments



SOLUTION

- Ad-hoc Flexible Work Policy Flexible work schedules
- ▶ Allows employees to work flexible work schedules, compressed work weeks, job share and telecommute occasionally on a case-by-case basis



DETAILS

- Work units encouraged to implement different methods of flexibility that work for their environment
- ▶ Doesn't quantitatively measure benefits of flexibility programs but significant improvements have been demonstrated



RESULTS

- ▶ Improvements in employee retention, stress reduction, effectiveness
- ▶ Improved skills diversification
- ▶ Improved coordination with overseas operations / business partners

McGuire, Jean. *Flexible Work Arrangements: Selected Case Studies*. 2006. Georgetown Law.
<https://scholarship.law.georgetown.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=1007&context=legal>.

Example Decision Matrix

TO OUTSOURCE OR NOT TO OUTSOURCE

Criterion	Retain	Spectrum	Outsource
Strategic importance	High		Minimal
Core competency	Yes		No
Operational importance	Vital		Commodity
Financial impact	Revenue		Cost
Cost of developing expertise in house	Low		High
Length of time to effectively implement	Short		Long
Frequency of need	Part of everyday operations		Infrequently
Associated risk (only answer for those items that are not of high strategic importance and/or are not a core competency)	Low		High

Questions?



About BDO



Judy Canavan

HUMAN CAPITAL PRACTICE LEADER

Judy Canavan has 30 years of experience advising companies in developing compensation systems for employees and executives and many different industries. She has been published in the WorldatWork Journal, Directors and Boards, Workspan, Corporate Compliance Insights and others. Judy also served as an adjunct professor at the University of Southern California's Bovard College.



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Gabriella Salvatore

GLOBAL EMPLOYEE SERVICES MANAGING DIRECTOR

Gabriella Salvatore focuses on the human side of strategy. Gabriella spent a decade in the bio pharma industry and brings to her consulting work an operational understanding of what it is to navigate large-scale, global, regulated environments. Over the last 25-plus years, she has been a frequent author and presenter at industry conferences in the human capital management, learning, leadership, and patient advocacy fields as well as guest faculty at Babson College, Boston University's Questrom School of Business, Harvard Law School, and Massachusetts College of Pharmacy and Health Sciences.



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BDO's Technology Industry Practice

People who know technology, know BDO.

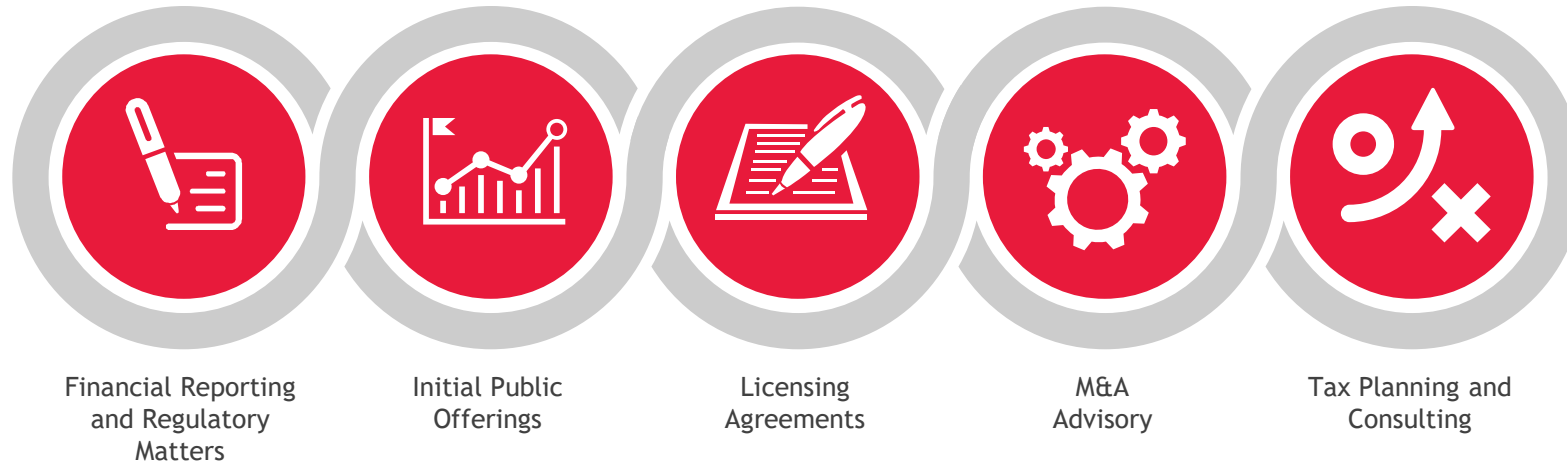
Technology companies are rethinking their paths to growth. Constant innovation is still essential, but thinking about the how, why, where, and potential outcomes of decisions they make are key.

The spotlight is on the technology industry like never before, and stakeholders not only expect new and exciting products and services, but also responsibility, cost reduction, new efficiencies, and risk management.

Despite stubborn inflation, rising interest rates, and public market volatility and economic uncertainties, tech leaders remain optimistic about business activities in the industry.

Technology companies of all sizes rely on BDO to help them address their challenges and achieve their financial goals. Our extensive knowledge of the industry—combined with an in-depth understanding of your goals and vision—can help you do the same.

A WIDE RANGE OF GUIDANCE



BENEFITS OF ENGAGING BDO



We can offer wider holistic advice based on data analytics and trends.



Our approach is to invest time in getting to know you, your business, and operations. As a result, we will match our approach and style with yours.



We believe in well-planned, centrally controlled projects with no surprises for clients.



Our principals and managers are accessible, and the central team will communicate with you regularly.



We'll provide you with unambiguous, direct, and pragmatic reporting.

Our Services

Helping our clients navigate challenges and seize opportunities—backed by a dedication to exceptional client service and long-term relationships.

ADVISORY

- ▶ Forensics and Investigations
- ▶ Insurance Risk and Recovery
- ▶ M&A and Transaction Advisory
- ▶ Management Consulting
- ▶ Privacy and Data Protection
- ▶ Risk and Resilience
- ▶ Valuation and Capital Market Analysis

AUDIT AND ASSURANCE

- ▶ Auditing and Financial Reporting
- ▶ Accounting Advisory & Outsourcing
- ▶ **BDOADVANTAGE** Digital Audit Suite
- ▶ Employee Benefit Plan Audits
- ▶ Information Systems Assurance
- ▶ Public Housing Authority
- ▶ Government & Public Sector
- ▶ Risk Advisory Services
- ▶ Third Party Attestation/SOC

TAX

- ▶ Business Incentives & Tax Credits
- ▶ Federal Tax Matters
- ▶ Global Employer Services
- ▶ Income Tax Accounting
- ▶ International Tax Services
- ▶ Nonprofit Tax
- ▶ Private Client Services
- ▶ State & Local Tax
- ▶ Tax Automation & Innovation
- ▶ Tax Risk Services
- ▶ Transfer Pricing

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- ▶ Business Technology Solutions
- ▶ Data, Analytics, and AI
- ▶ Demand Generation
- ▶ Digital Strategy Consulting
- ▶ Managed Services
- ▶ Outsourcing IT
- ▶ Security Compliance
- ▶ Change Management

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As a global business advisor, we deliver insight-driven perspectives through a comprehensive array of assurance, tax, and advisory services to help you navigate challenges, uncover opportunities, and adapt to the constantly changing business environment.

BDO USA *

\$2.89 bn

U.S. Revenue

5.6%

Increase over last year

75+

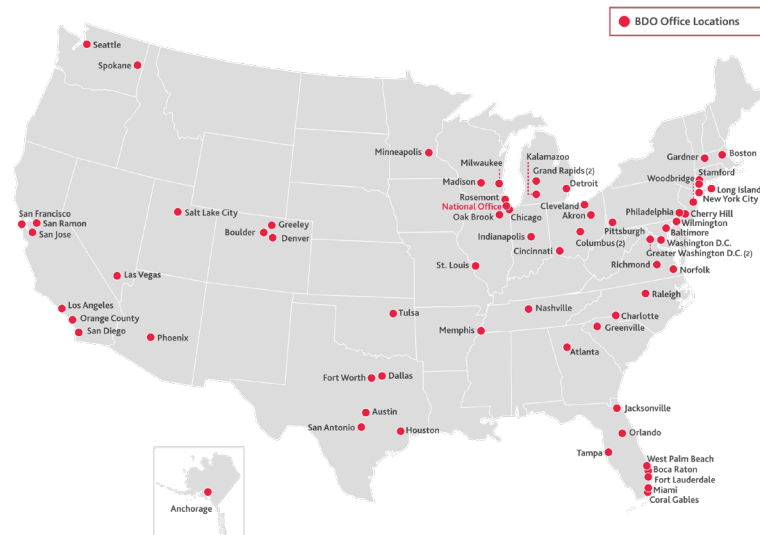
Offices

840+

Principals

11,950+

Total Personnel



* Year-over-year percentages capture changes from 12/31/22 to 12/31/23 and reflect BDO USA's fiscal year-end moving from 4/30 to 12/31.

BDO INTERNATIONAL **

\$14 bn

Global Revenue

160+

Countries

1,700+

Offices

8,000+

Partners and Principals

115,600+

Total Personnel



** BDO International statistics for the year ended September 30, 2023. Locations include exclusive alliances of BDO Member Firms.



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