

A hand is shown in the lower-left corner, reaching out towards a glowing globe in the center. The globe is surrounded by a network of lines and nodes, suggesting a global or digital theme. The background is dark blue with a subtle map of the world.

*Welcome to our Executive Roundtable*

# COVID-19: Scenarios for the Future of Human Capital



## *COVID-19: Scenarios for the Future of Human Capital*

June 3, 2020

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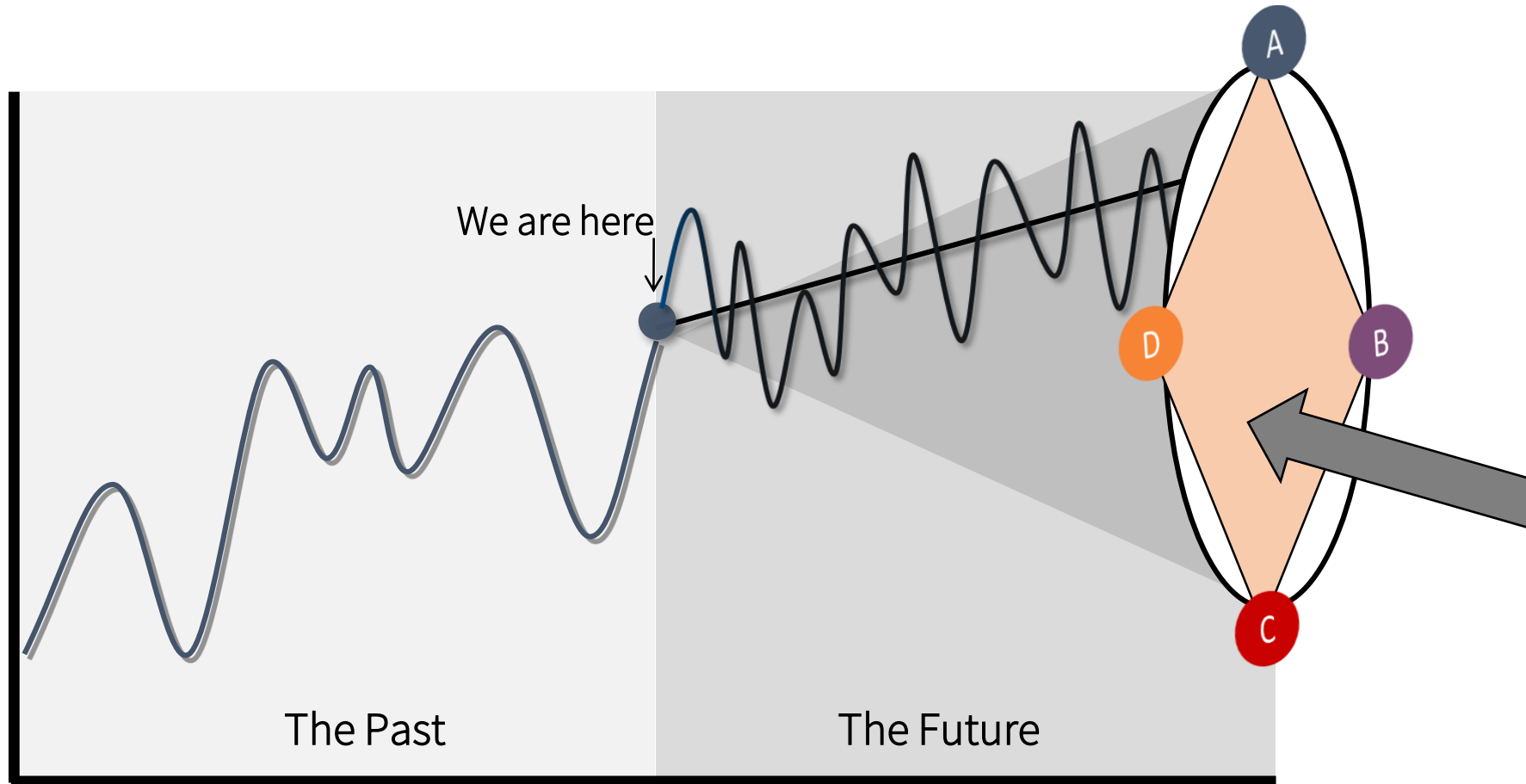
1. Introduction to Scenario Planning (15 mins)

# COVID-19: Shock to Our World and Significant Implications for the Future of Human Capital



# Scenario Planning: Conceptual Illustration

*Instead of point forecasting which tries to predict the future, scenario planning presents a cone of possible “futures” to better account for the significant uncertainty in the external environment*

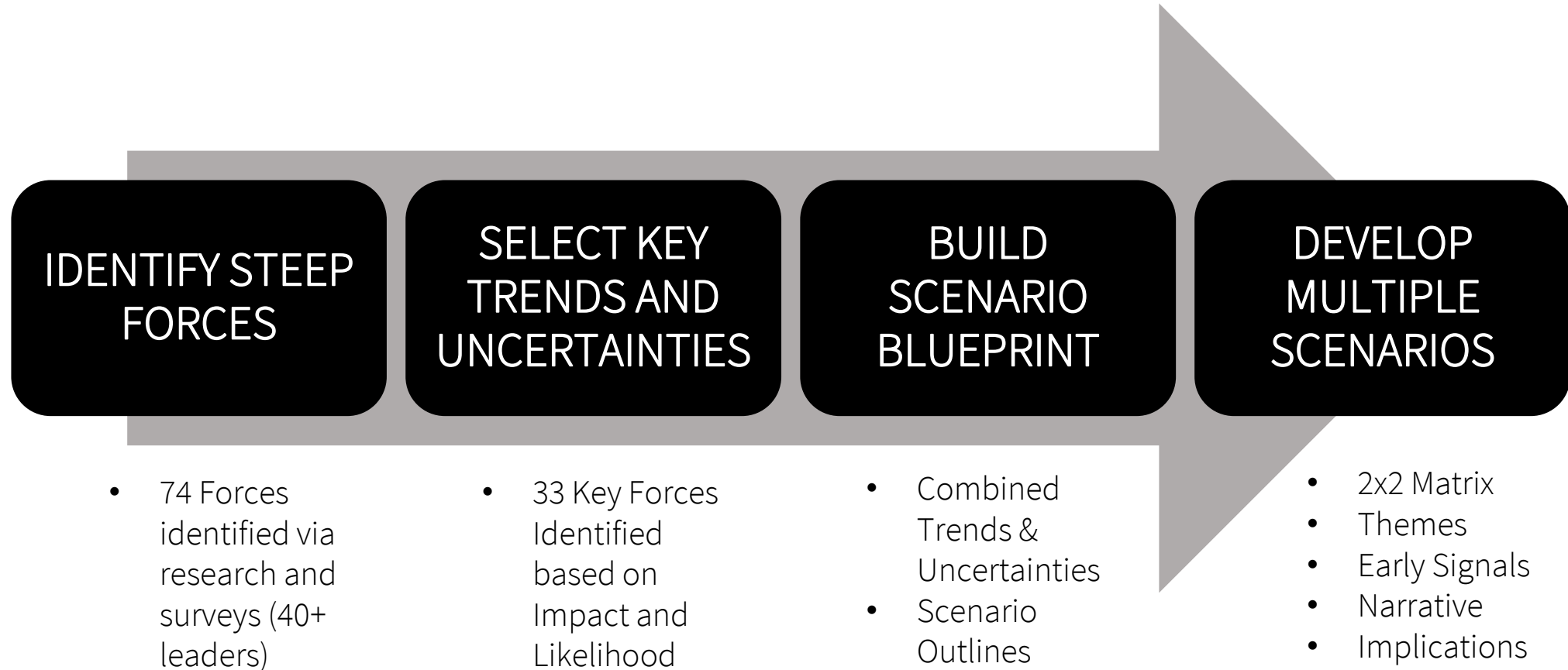


The future  
will likely fall  
somewhere  
in here.

# Scenario Development Process







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Trends and uncertainties are combined with different potential outcomes to generate a blueprint from which the scenarios are developed.

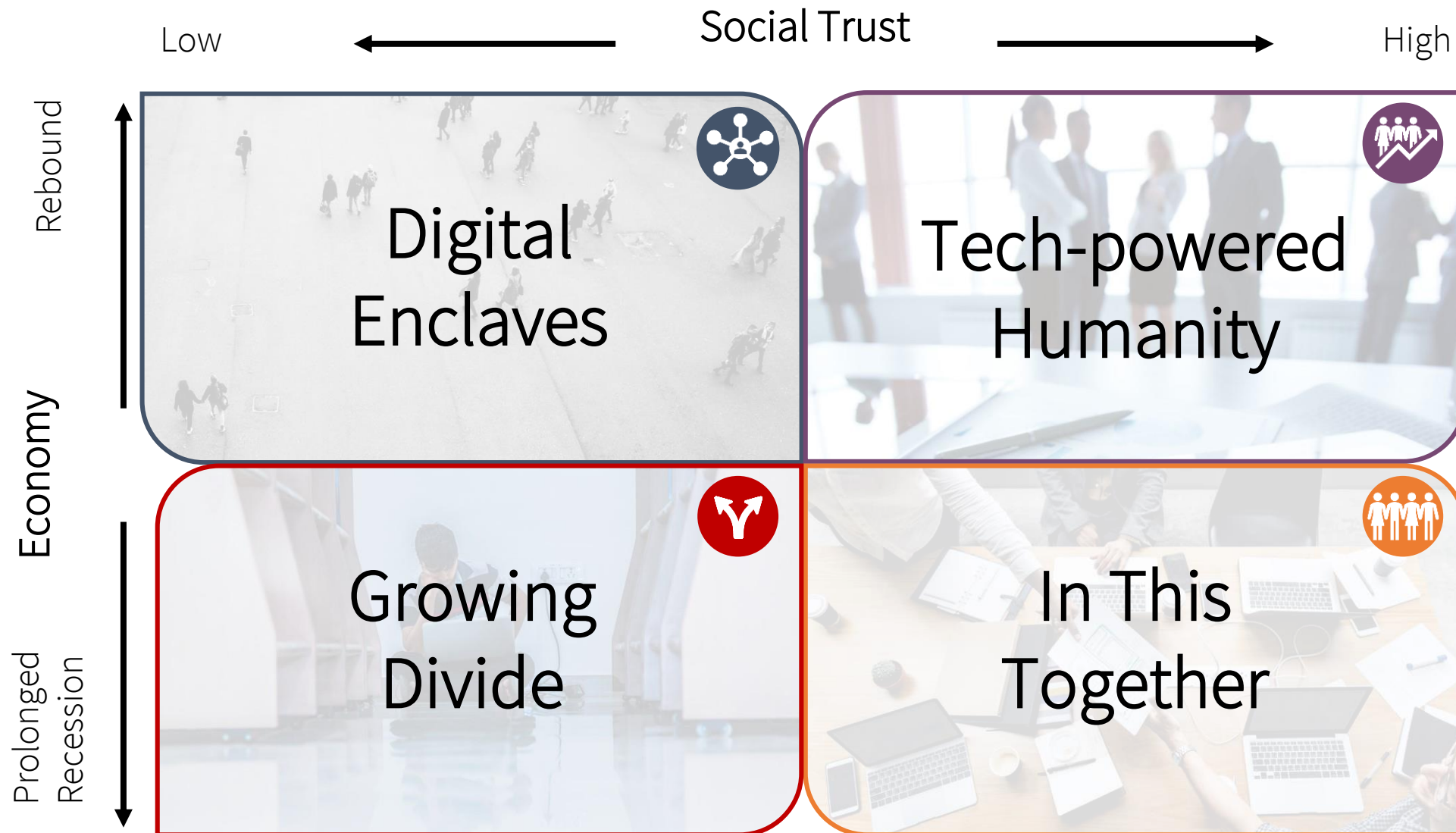


# STEEPC Forces Impacting The Future of Human Capital – Post COVID-19

EXAMPLES

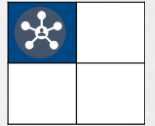
<p>S</p> <p>SOCIAL</p> 	<p>T</p> <p>TECHNOLOGICAL</p> 	<p>E</p> <p>ECONOMIC</p> 	<p>E</p> <p>ENVIRONMENTAL / HEALTH</p> 	<p>P</p> <p>POLITICAL / REGULATORY</p> 	<p>C</p> <p>COMPETITIVE</p> 
<ul style="list-style-type: none"> <li>▶ Virtual Collaboration Adoption</li> <li>▶ Fear of Physical Interactions</li> <li>▶ Collectivism vs. Individualism</li> <li>▶ Attitudes towards Privacy</li> <li>▶ Public trust in large organizations</li> <li>▶ Level of Social unrest</li> <li>▶ Generational differences in values and skills</li> </ul>	<ul style="list-style-type: none"> <li>▶ Automation displacing vs. augmenting workers</li> <li>▶ Increasing Use of Digital Tools</li> <li>▶ Increasing Use of Data/Analytics and Data Literacy</li> <li>▶ Extent of Digital Divide</li> <li>▶ Use of technology for tracking worker health/wellness</li> <li>▶ Shift to online education</li> </ul>	<ul style="list-style-type: none"> <li>▶ Recovery of Global Economy</li> <li>▶ Economic Volatility</li> <li>▶ Growth of the Gig Economy</li> <li>▶ Variation in recovery by industry</li> <li>▶ Increase in Digital Channels for Serving Customers</li> <li>▶ Growing economic disparity</li> </ul>	<ul style="list-style-type: none"> <li>▶ Persistence of COVID-19 as an on-going threat</li> <li>▶ Change in delivery and funding of healthcare</li> <li>▶ Manufacturing sources for healthcare/medical supplies</li> <li>▶ Attitudes towards sustainability/being green</li> </ul>	<ul style="list-style-type: none"> <li>▶ Nationalism/protecti onism vs. Globalism</li> <li>▶ Government Intervention in Industries</li> <li>▶ Government stimulus programs</li> <li>▶ Polarization of political views impeding progress</li> <li>▶ Immigration Policies</li> <li>▶ Strength of Organized Labor</li> </ul>	<ul style="list-style-type: none"> <li>▶ Resource sharing across companies</li> <li>▶ Shift to in supply chains and location of manufacturing</li> <li>▶ Corporate Restructuring</li> <li>▶ Size of available workforce</li> </ul>

# 2x2 Scenario Matrix for the Future of Human Capital



# Digital Enclaves

## *Economic Rebound, Low Social Trust*



A world in which the global economy has bounced back, but trust between people, organizations and countries remains mired in the protective measures of the pandemic.

### How We Get There



### Key Themes

- ▶ New appreciation for personal health and hygiene, self-diagnostics, puts pressure on employers to invest more in the workplace and employee safety
- ▶ Greater flexibility in sourcing talent, as more jobs become remote,
- ▶ Virtual selling tools and simulation/visualization of products becomes the norm
- ▶ Need to supplement traditional skillsets with digital micro-degrees to stay relevant
- ▶ Rethinking of supply chains leads to more local production
- ▶ Workers in 'essential' industries (e.g., food, transportation) maintain hazard pay and expect a risk premium

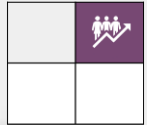
# Scenario A: Implications for Spain

- Reduced funding and humanitarian aid from EU.
- Substantial decrease in tourism, nationalism increases in Basque Country & Cataluña, Regions with lower tech adoption suffer lag in economic growth vs other regions.
- Positions not supported with virtual technology struggle to be filled as fear of physical proximity remains.
- Reduction in available workforce for basic industries (Agriculture).
- Widespread anxiety on personal health drives family units together and away from social interaction with those at a higher risk of exposure.



# Tech-powered Humanity

## *Economic Rebound, High Social Trust*



A world in which the global economy has bounced back, and the general public has come out of quarantine with a newfound appreciation for face-to-face interactions and in-person experiences.

### How We Get There



### Key Themes

- ▶ Health concerns related to COVID-19 subside and **people crave human interactions**
- ▶ Companies leverage **agile, low-cost, flexible operating methodologies** adopted during the pandemic
- ▶ Consumers expect **digital, transparent and intuitive** user experiences
- ▶ Company cultures must balance **periodic virtual work with the in-person social aspects** coveted during quarantine
- ▶ **Digital divide in the workforce lessens**, with a general upskilling to most roles across industries
- ▶ **Gig-economy booms**, strengthened by increased regulation protecting the security and benefits of contract and part-time workers

# Scenario B:

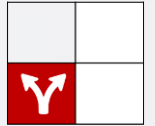
## Implications for Spain

- Strong support received from EU to revamp economy.
- Open-travel allows quickly recovery of Tourism Industry and Spain becomes a “safe” destination within EU.
- Decreased rates of unemployment, social conflict and nationalism as communities work collectively to rebuild local economies.
- Investments are made with foreign aid to improve the healthcare system, and there is increased engagement in international partnerships on studying and preparing for future global health crisis.



# Growing Divide

*Prolonged Recession, Low Social Trust*



A world in which a prolonged global recession and relative failure in virus containment has resulted in a collective “PTSD” that leaves profound economic and psychological scarring on the general public.

## How We Get There



## Key Themes

- ▶ Massive unemployment and severe mental health crisis, also eroding trust in institutions and each other
- ▶ Tracking technology implemented resulting in “big brother” style workplaces
- ▶ Sensors and wearables for “proof of health” used by employers and governments – and becoming grudgingly accepted as the norm
- ▶ Digital divide in the workforce grows substantially
- ▶ Surplus of digital “have nots” and downsized budgets leads to general slow-down in automation, other than for quick-hit applications like RPA and basic robotics
- ▶ Entire industries go under while new ones (like virtual talent brokers and VR sports arenas) emerge

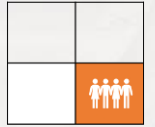
# Scenario C: Implications for Spain

- Government is under pressure to manage social conflict, as anxiety and tensions around the virus continue to amplify.
- Many companies that relied on Tourism, international markets and consumer safety are unable to recover, as physical and regulatory barriers stifle the flow of consumption.
- Unemployment growth increases tension and nationalism from many communities triggering unilateral separation from Spain.
- National health declines, both mental and physical, as scars from the crisis last, and the healthcare system is unable to recover without the necessary international support.



# In This Together

## *Prolonged Recession, High Social Trust*



A world in which the global economy has faced a prolonged recession, and communities have pulled together to support those most physically vulnerable and economically in distress from the pandemic

### How We Get There



### Key Themes

- ▶ **Enormous economic damage** - central banks have little headroom for interventions and a long, deep recession ensues
- ▶ Families and **communities pull together** to weather the storm
- ▶ **Authentic social interaction** becomes very highly valued after the Great Lockdown
- ▶ **Governments take stakes** in many industries and legislate to protect jobs, including gig economy
- ▶ **Digital business remains strong** - digital skills flourish at all levels, as all had to learn to survive
- ▶ **Automation supplements** rather than replaces jobs
- ▶ **Company interpersonal culture** very highly valued

# Scenario D: Implications for Spain

- Both wealth and health inequality increase significantly during the Great Lockdown.
- Medical and economic aid are received from EU, though at a slower rate and quantity than needed to recover.
- Decreased rates of social conflict as communities work collectively to look after the most economically and physically vulnerable.
- Whole sectors become public and traditional industries like agriculture & manufacturing replace the Service sector as drivers of the Spanish economy.





**POLL:**  
Scenario A,B,C,D.

- **How likely is this scenario?**
- **How prepared do you feel for this scenario?**



# Considering all the scenarios...

- **Three years from now** - what are the biggest challenges these scenarios present from a human capital perspective?
- **Between now and then** – what would you have to do differently from a human capital standpoint to be adequately prepared and thrive across these scenarios?

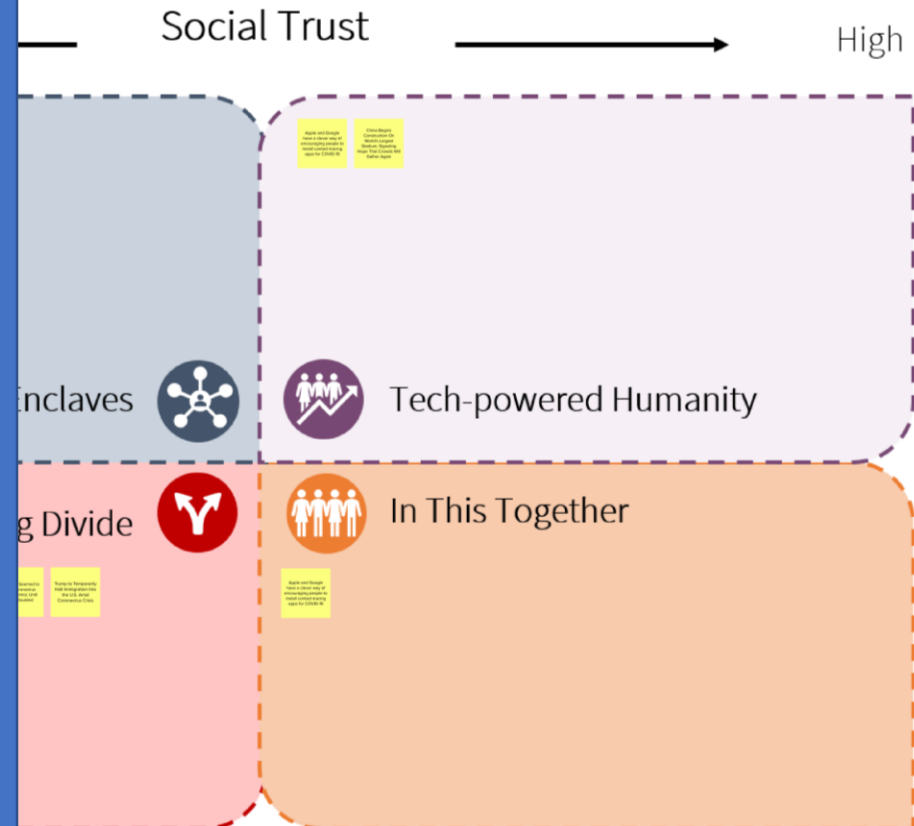
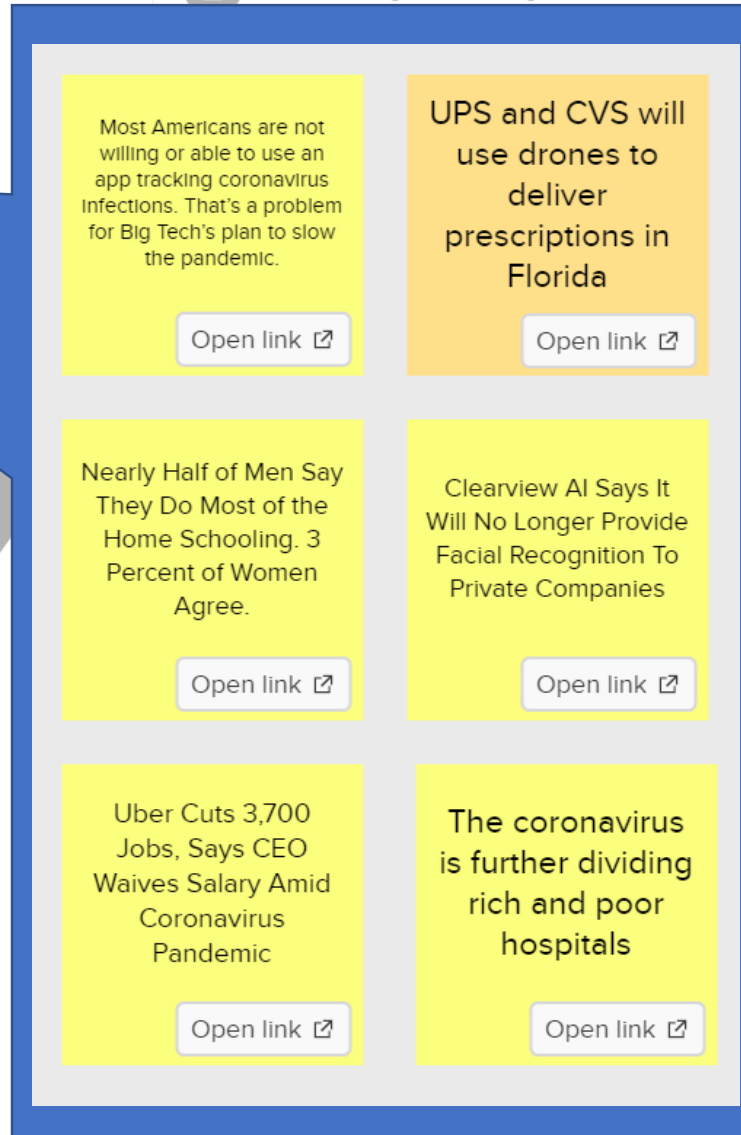
# Monitoring Weak Signals of Scenarios is Critical

## 1 Signal Collection

### Backlog (signals to be attributed to a scenario)

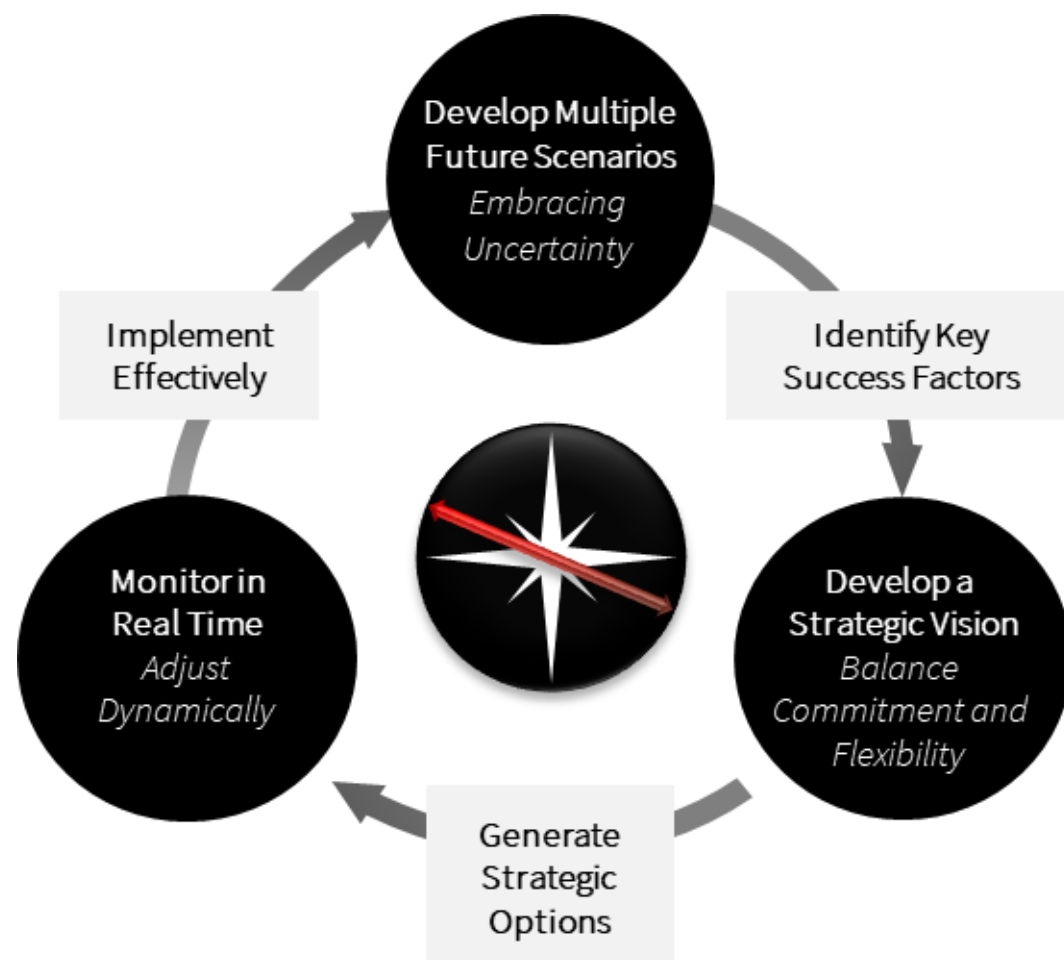


## 2 Scenario Signal Tracking



# Scenario Planning/Adaptive Strategy Is a Continuous Journey

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*“Chance favors the prepared mind.”*

- Louis Pasteur

*“In the middle of difficulty lies opportunity.”*

- Albert Einstein