
Addressing people costs

June 2017



Taking a holistic approach to people costs

Your people are one of your biggest expenses on the income statement.

Managing people cost is a priority for many companies – but sustainable change goes beyond making financial savings. It should position your organisation for growth, aligned to your future business strategy and the changing demands of your customers. And, in this environment, engaging with your talent in a fair way will help minimise business disruption.

At least **60%** of UK CEOs  plan to increase headcount, the same proportion also want to reduce costs.

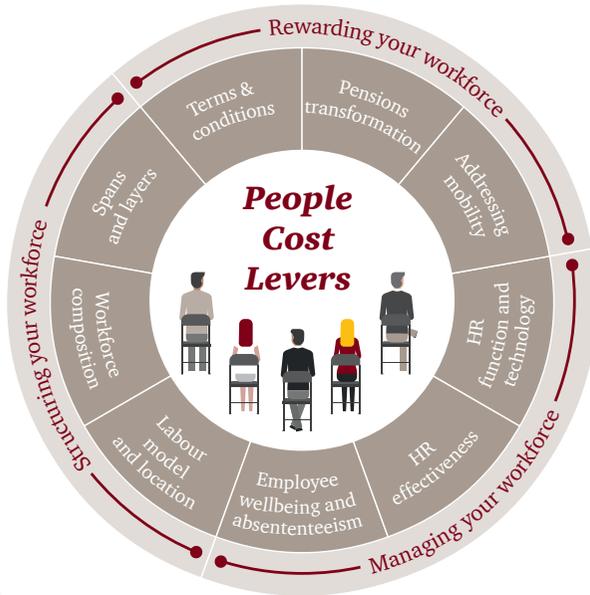


Why now?

- Sluggish growth
- Political uncertainty
- Inflationary pressure
- Digital disruption
- Changing customer needs
- Employee expectations

Making sustainable change to your people costs

We recognise that how you pay, resource and structure your workforce is deeply connected with your business model. We work to support you in an integrated way, working with many different people cost levers to deliver savings and position you for growth.



Structuring your workforce

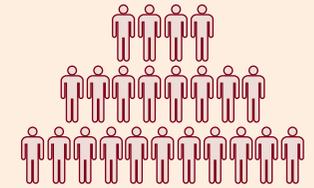
How you structure and deploy your workforce has a significant impact on cost, productivity and the customer experience. We can help you to:

Evaluate your workforce structure and composition to identify opportunities to change the workforce mix and augment your workforce through use of outsourcing, contractors and automation.

Review your organisational structure and operating model to create leaner more effective teams fit for your customers needs.

Implement/Review shared services to ensure these deliver transactional HR activities – creating process standardisation and efficiency while reducing your operating costs.

Assess the viability of relocating parts of your workforce to low cost locations while retaining talent.



Success stories

Banking organisation

Locational analysis

We supported this bank with a review of labour costs and talent availability in eight European locations to support its relocation strategy. We modelled total reward data, relocation and redundancy costs to help identify a short-list of locations that would lead to £20m savings per annum.

15% savings per annum*

*estimated savings

Public sector organisation

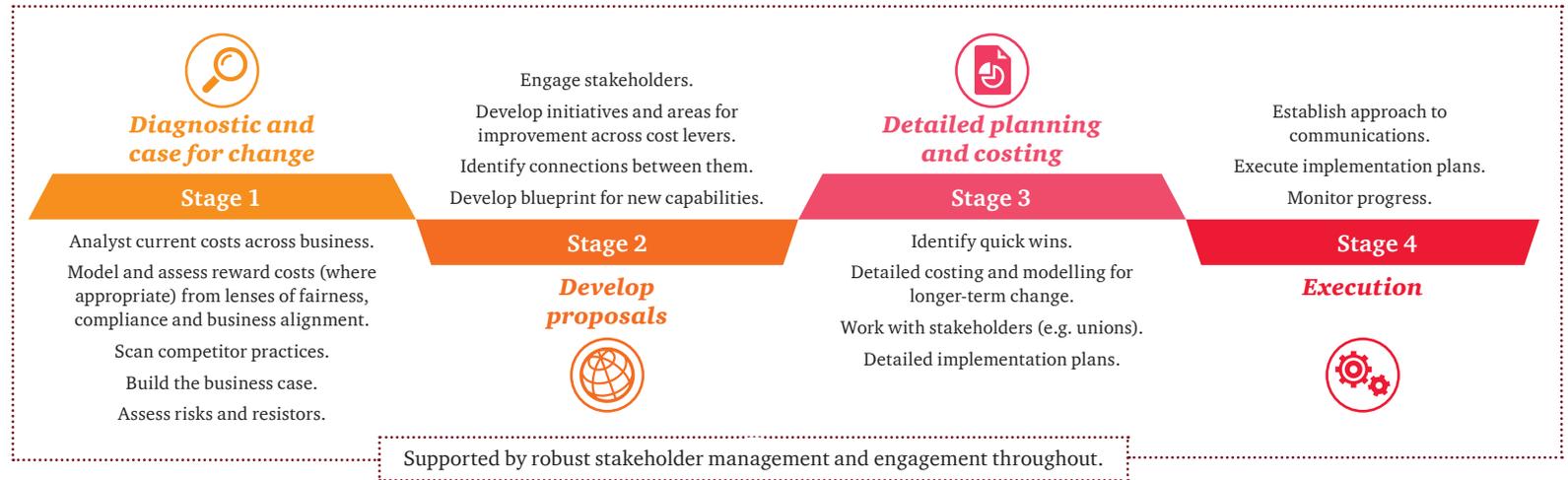
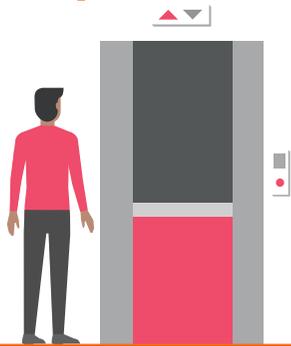
Workforce restructuring

This former government organisation sought to transform its employment arrangements covering resourcing, scheduling and spans and layers. Our work covered a range of areas to support an overarching change programme.

9% savings per annum*

Our approach to cost transformation

For many companies, building a case for change starts with understanding the scale of the problem and the risks that accompany this. Our four stage, data driven approach helps you cut costs constructively and unlock potential for growth.



Rewarding your workforce

As one of your biggest costs, there is significant opportunity to review the elements of pay, terms and conditions and pension arrangements. We can help you to:



Review your **employee value proposition** to ensure this is compelling to your different employee segments, while ensuring that it drives improved value.

Review the costs of mobility and business travel to ensure this is fit for purpose in today's technology-driven environment.

Review your **legacy terms and conditions** to create greater harmonisation, drive greater efficiency and increase fairness and simplicity while reducing risk.

Support with managing pensions costs and using technology to improve the overall position.

Managing your workforce

An efficient workforce needs to be supported by effective HR functions and processes. We can help you to:



Review the **effectiveness of your HR function and processes** to drive greater efficiency and identify areas where change can create value.

Understand the extent to which your **HR information systems and technology are fit for purpose** – leading to simplification, service improvement and where appropriate, greater IT self-sufficiency.

Assess how you use contingent workers (agency, contractors and others) and identify ways that governance can be strengthened or costs made more efficient.

Reduce costs associated with absenteeism and ill health to cover changes in policy to improvements to workforce wellbeing.



Media Company

Transforming Terms and Conditions

We conducted detailed internal analysis and modelling, external benchmarking to help this client build a case for change to support union engagement. Our work on the transition and change has helped the organisation save £8m per annum and develop a roadmap for change.

12% savings per annum*

Utility

Pension changes

We worked with this water company to close its final salary plan to existing employees and link this to a new reward framework. We supported with union engagement, design of new EVP and communications to land the new offering.

20% savings per annum*



Start a conversation with our key contacts...

Rewarding your workforce:



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Structuring your workforce:



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HR Workforce Optimisation
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Managing your workforce:



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Why PwC

1

Analytical approach delivering a robust business case for change

Our data-driven methodology provides the rigour and evidence to engage key stakeholders.

2

Integrated into your strategy

We link change to the wider business agenda and pressures – with technology and customers at the heart.

3

A holistic approach

We see the connections between all the cost levers and seek to make them work together to deliver enduring change.

4

From strategy to execution

We bring expertise from our experts in people strategy through to capability in delivery including employment law, communications and union engagement.

5

Recognising today's business environment

We consider change in the context of your reputation, recognising the importance of balancing fairness with delivering cost savings.

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