

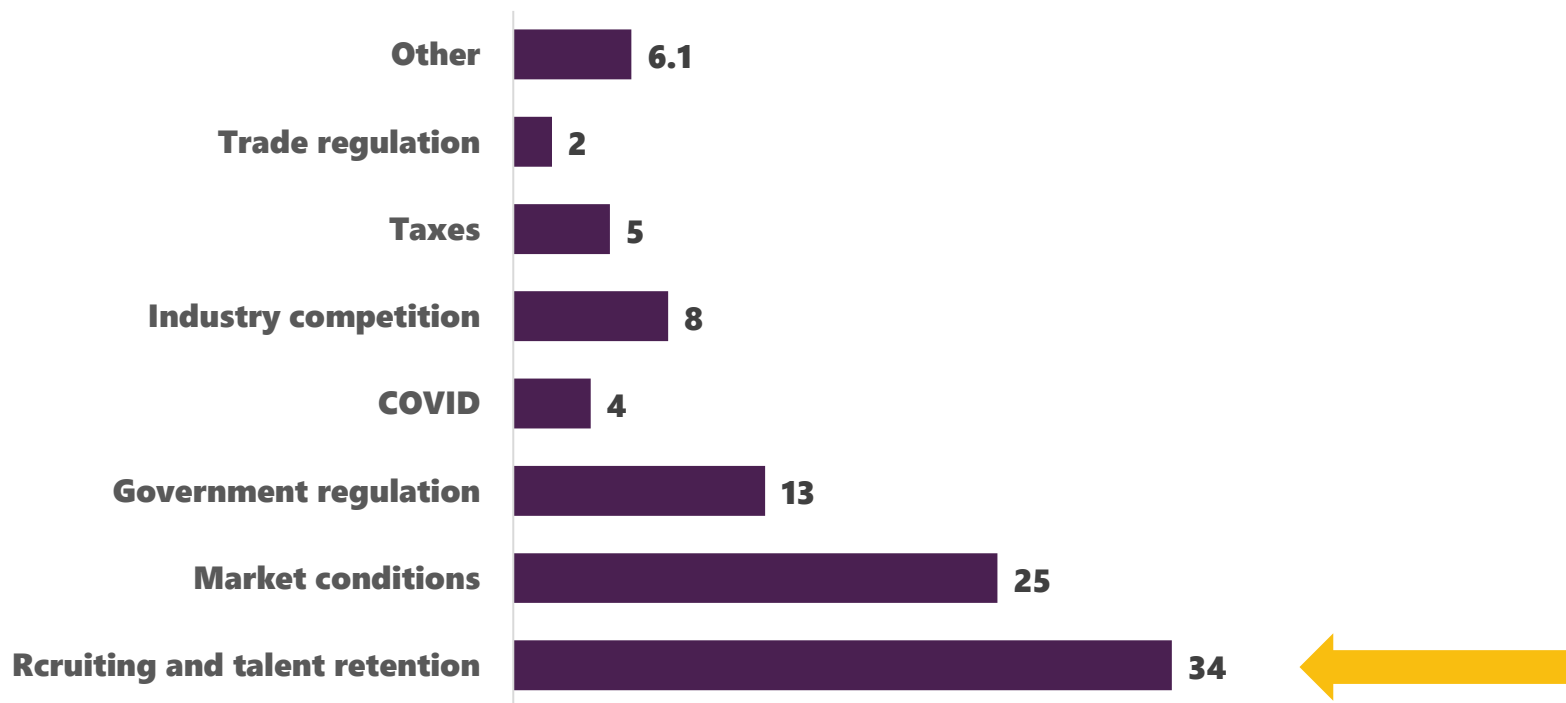
Annual Update 2023

HR Advisory Service Practice

Moving Toward More Strategic HR Practices

December 8, 2022

Greatest Barriers to Business Growth 2022/2023?



Source: 2022 FEUSA Family Business Survey
by Family Enterprise USA and BNY Mellon Wealth Management



The Driving Forces

- + Continued Economic Uncertainty
- + Rising Inflation
 - + 90% Of CEO's Expect It To Rise Within 12 Months
- + Scarcity of Talent
 - + 50% Of HR Leaders Expect Increased Competition Over Next 6 Months
- + Global Supply Constraints
 - + 48% Of CFOs Believe Supply Chain Volatility & Shortages Will Continue



Most Recent US Jobs Numbers



- + 263,000 New Jobs In November 2022
- + Unemployment Rate Remained Flat At 3.7%



Jobs Change by Size (Nov 2022)

Small



Mid-sized



Large



Source: ADP Employment Report Nov 2022

The Delicate Balance



Meeting HR Challenges in 2023

Leader and Manager Effectiveness

60% of HR leaders prioritizing



Organizational Design and Change Management

53% of HR leaders prioritizing



Employee Experience

47% of HR leaders prioritizing



Recruiting

46% of HR leaders prioritizing



Future of Work

42% of HR leaders prioritizing



Note: Percentages represent the share of respondents naming the priority.
 n = 860 HR leaders
 Source: Gartner 2023 HR Priorities Survey



Changing Employee Expectations



Purposeful Work/Make an Impact



Career Growth & Development



Rewards that Meet Them Where They Are



Sense of Belonging



Flexible Work



Changing Employee Expectations

+ Flexibility

52% of employees say flexible work policies will affect their decision to stay at their organizations.

+ Shared Purpose

53% of employees want their organizations to take actions on issues they care about.



Changing Employee Expectations

+ Well-Being

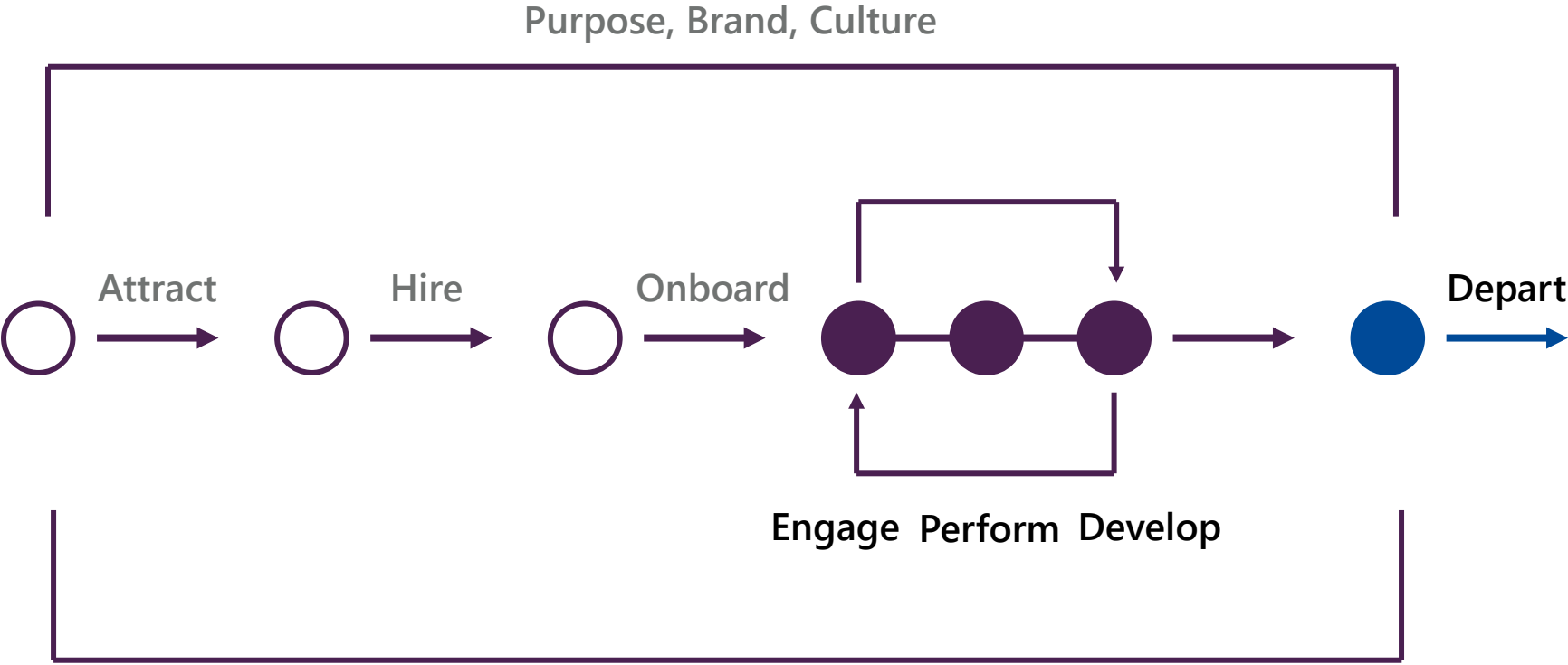
70% of companies have introduced new well-being benefits or increased the amount of existing wellbeing benefits.

+ People First

82% of employees say it's important for their organization to see them as a person, not just as an employee



The Strategic Approach to HR



Employee Value Proposition



Focus on the Frontline Experience

- + 45% of Frontline Workers plan to leave their job in next 3-6 months.
- + Disproportionate Value Creation is at the Frontline
- + Direct Manager/Supervisor Drives the Employee Experience
- + Employee Experience directly impact Customer Satisfaction/NPS
- + Engagement Surveys/Pulse Surveys Continue to be Effective Tool

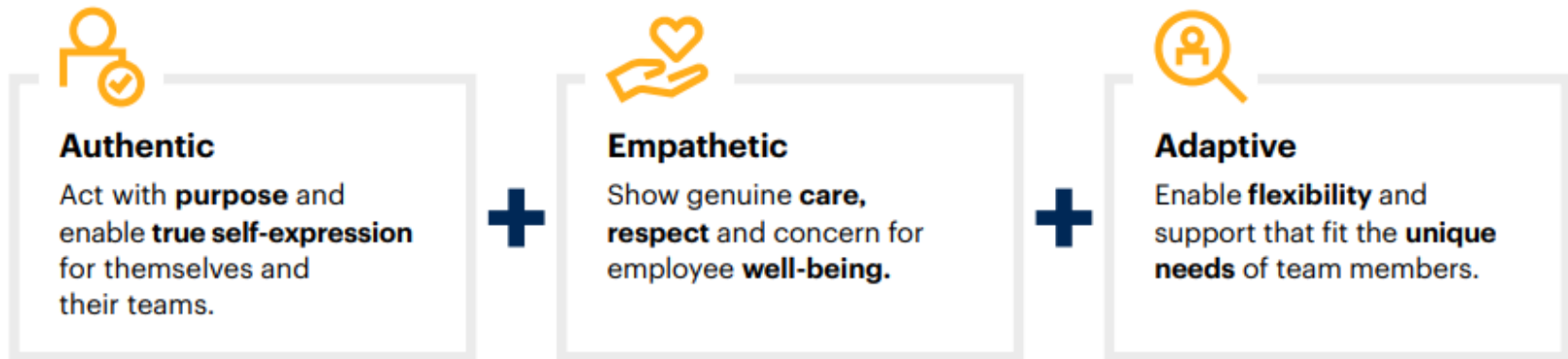


Leader & Manager Effectiveness

- + Developing Leaders for Future of Work
24% of HR Leaders say Leadership is NOT prepared
- + Manager Effectives Drives the Employee Experience
- + Employee Experience Drives the Customer Experience



People-Centered Leadership



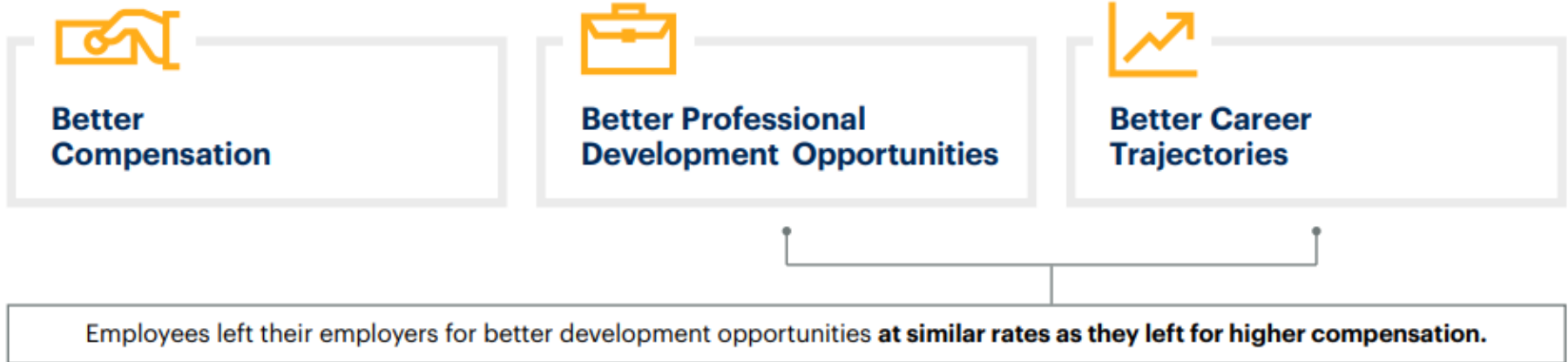
Source: Gartner study 2022

+ **90%** of HR Leaders Say That To Succeed In The Future, Leaders Need To Operate In A More Human Way



Compelling Careers: Critical for Retention

Professional Reasons Employees Decided to Leave Their Previous Jobs



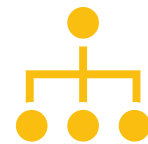
44% of HR Leader believe their organizations lack compelling Career Paths.



Recruiting: The Talent Challenge

36% of HR leaders say their sourcing strategies are insufficient for finding the skills they need.

- + Continued Surge In Demand
- + New Normal For Attrition
- + Candidates Are Harder To Attract & Convert





Skills-Based Hiring

- + More Companies Are Piloting Skills-based Hiring
- + Setting Specific Skills & Competency Requirements For A Job Vs. Only Looking At A Candidate's Credentials.





Upskilling

- + Don't Overlook Internal Talent Pipeline: Develop Skills Of Workforce
- + Prioritize/ Invest In Upskilling



Focus on Well-Being

- Financial Well-Being
- Mental Health Well-Being
- Social Well-Being
- Physical Well-Being
- Career Well-Being



Increasing Wages & Raises

The Current Reality...

- + There Are More Open Jobs Than People To Fill Them
- + Inflation Continues To Impact Employee Pay Expectations
- + This Is Will Continue Through 2023
 - + Companies Are Budgeting Overall Increase Of **4.1%** For 2023
 - + Most Significant Increase Since 2008
- + Median Raise Given To Those Who Changed Jobs Was **16.1%**
 - + Nearly Double The 7.6% Yearly Pay Change For Those Who Stayed



Focus on in 2023

- + Year-Round Benefits Education
- + Pay Transparency
- + Flexible Benefits: Meet People Where They Are
- + Pay Matters, and so Does Career Development
- + Continue to Imbed Well-Being into Culture & Programs



Focus on in 2023

- + Focus on the Frontline Experience
- + Simplify , Support & Enable the Manager Role
- + Intentional Leadership & Manager Development
- + Create, Communicate & Celebrate Career Paths
- + Making Hybrid & Flexible Work, Work
- + Imbedding Diversity, Equity, Inclusion & Belonging
- + Skills-based Hiring
- + Look Internally for Talent



Employee Value Proposition



People Drive Performance.



MCM HR Advisory Services

Maximizing People and their Potential.
Humans, not just Resources.





HR Advisory Team Leader &
Principal
Susan.Pittman@mcmhrsg.com
502.882.4664



PEOPLE
MATTER



LEADERS
INSPIRE



EXCELLENCE
RULES