

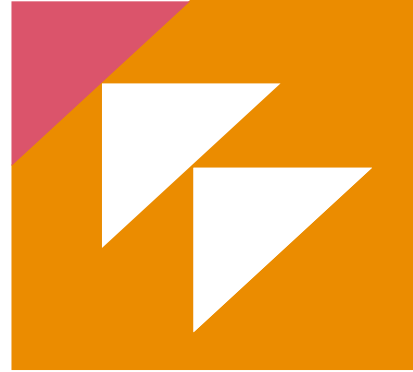
# Productivity in the spotlight

**Why people hold the key**

Superannuation Matters | Edition 2

[www.pwc.com.au](http://www.pwc.com.au)





Productivity is well and truly in the spotlight for the superannuation industry. A raft of regulatory reforms including Your Future, Your Super, best financial interest duty, APRA heatmaps and performance tests and the ATO's comparison tool are all designed to put a focus on fund performance and the outcomes achieved for members.

At the same time, the war for talent, remote working and increasing regulatory change and complexity come at a cost. This is putting pressure on funds and service providers to achieve scale and transform their businesses through more efficient and effective operating models.

But we all know that achieving scale and transforming a business takes time and costs more in the short term. Also, a focus on productivity, scale and transformation are not mutually exclusive, in fact they are entirely consistent objectives. In simple terms a productive organisation is a well run organisation!

However, 'productivity' is a word often associated with cost reduction and a leaner headcount which can negatively impact staff morale and customer experience. Approached in the right way, a focus on productivity has the potential to deliver benefits earlier than achieving scale or transforming your business model and it can elevate your member experience – it all comes down to taking a people-based approach to productivity. From building leadership capabilities to embedding employee engagement, you can boost engagement and improve benefits to members by aligning your human and operational elements with your productivity agenda.

Strengthening an organisation's core through investment in people supports the immediate productivity and member-centricity agendas. This is especially relevant as funds contemplate digitisation of processes and operating models responsive and adaptable to business needs, in particular the extent to which key capabilities of the member experience are maintained in-house versus outsourced. For funds considering their role in industry consolidation, the sustainable increase in operational maturity also de-risks operational and cultural integration.

## This paper explores the following:

- 1** Pursuing productivity and a for-purpose agenda is entirely possible for funds who take a people-based approach. By supporting their employees, funds can directly promote productivity and member-centricity.
- 2** The best way for funds to support employees in an increasingly complex environment is to address common challenges when embedding employee experiences, including strategic pressures, team leader capabilities, staff engagement and operational reporting.
- 3** Research shows that what employees want right now is a **focus on wellbeing**. Prioritising mental health and wellbeing provides vital support for employees, at the same time as it boosts engagement and productivity. There's untapped potential here for employers.
- 4** Employees increasingly expect organisations to reflect their values. An employer that speaks out and takes action on social issues can attract and retain the very best people. This is a real opportunity for the superannuation industry.



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# Productivity in the spotlight

Pursuing productivity and a for-purpose agenda is entirely possible – if you take a people-based approach.





There's never been a more important time to focus on engagement and optimising benefits for members. The pandemic has brought uncertainty and hardship for many members, and funds are fielding enquiries around hardship applications, financial advice, insurance claims and other key operational areas. Funds also saw a spike in enquiries in response to the ATO's [early release of super program](#). At the same time, the pandemic has accelerated members' uptake of digital solutions and communications as Australians switched to working online.

Member engagement, which has traditionally been low for super funds, is higher now than it has ever been.

But driving performance and operational productivity doesn't have to come at a cost to member experiences. Being a productive organisation and a for-purpose super fund is entirely aligned. The solution lies in taking a people-based approach and making the most of your employees.


A people-based approach recognises that those who are best placed to deliver great customer experiences are frontline staff and leaders. All too often, insufficient thought is given to creating an environment where frontline staff can genuinely thrive and give their best at work – and the overwhelming majority want to do just that.

Team leaders don't always have a clear idea of the environment their staff need in order to be effective. Or if they do, they don't have the capacity to make it happen. Team leaders can get trapped in a cycle of overseeing the implementation of significant regulatory and business change and firefighting operational issues, preventing them from focusing on efficiency.

Perhaps the greatest misnomer, however, is that better member experiences equate to longer time spent on the phone. In reality, many members don't want longer interactions. In the majority of cases, when a member contacts their super fund, their request is purely transactional and by overinvesting time with a member, staff can inadvertently neglect the long queue of waiting members. For simple matters, speed and accuracy is key.

Ultimately, what we are talking about with a people-based approach is a sustainable approach to cost reduction and redeploying scarce resources to other priorities. It addresses underlying drivers of performance and experiences whilst preserving staff and member experiences and delivering great outcomes for everyone.

When it comes to productivity, funds (particularly in administration and other service functions) have a strategic decision to make regarding their purpose and value proposition for their members. A fund may wish to focus on service to members to improve member outcomes, rather than, say, offering additional product options or features. Member centricity and commercial success are not mutually exclusive.



25%

By focusing on people-based performance, you can create 10-25% capacity within operations in just 12 weeks. This capacity can then be reinvested in member experiences, organisational growth or reducing costs.



02

# The future of the industry is human

It's people and behaviours (not just technology) that will bolster productivity.





**Superannuation industry employees have faced no shortage of challenges during the past 2 years and many are fatigued. In addition to substantial regulatory change, and changing member expectations, employees have been forced into extended periods of working from home. Employees have had to flex, pivot, and absorb greater workloads too.**

Organisations have an obligation to support their employees and foster workforce participation. What's more, it's people and behaviours (rather than technology alone) that will bolster organisational productivity.

So how can organisations best support employees in this complex environment?

The first step is to recognise common challenges faced when embedding employee experiences. These include:

- strategic pressures (including pressure to rapidly increase productivity, reduce costs, and/or deliver better customer outcomes often without additional staff).
- team leader capability (such as a lack of leadership training, or inconsistent ways of working).
- staff engagement and remote working (where team members can feel disconnected or disengaged).
- operational reporting (for instance, an absence of key measures, or reports not being timely enough to help focus leaders on the right action to take).

These challenges not only affect employees – they also impact operational productivity, and therefore the delivery of benefits to members. By focusing on employees, funds are directly promoting productivity and member-centricity.

In short, the future of the industry is human.

## The new abnormal: the way we work

Comprehensive research conducted by PwC for [Atlassian](#) has revealed 50% of leaders felt they were more productive during the COVID-19 pandemic, compared to only 20% of staff. The first multinational [Return on action report](#) found COVID-19 has significantly added to the pressure on productivity that organisations were already facing:

27%

of people reported increased workloads while working from home, while 42% believe it leads to longer hours.

43%

had never, or very rarely, worked from home before COVID-19.

40%

believed the quality of social interactions more broadly worsened.



03

# What employees want: from wellbeing to values

Prioritising wellbeing and values not only supports employees – it makes good business sense.



**In determining how to best support employees, PwC's recent research for Atlassian offers some clues. The [Return on action report](#) explores what matters most to employees in Australia and the US, and found that mental health and wellness is now the number one issue.**

# 69%

The pandemic has shaken up employee priorities over the past 2 years and put things into perspective. The report found mental health now trumps career growth as the top priority, with 69% of employees saying they would turn down a promotion in favour of preserving their mental health. This holds across all age groups and income levels.

The World Economic Forum's (WEF) [Future of Jobs report](#) (2020), for instance, found 78% of business leaders expect some negative impact on worker productivity as a result of the pandemic. However, only 34% of leaders are taking steps to create a sense of community among employees online and tackle wellbeing challenges. Meanwhile, the WEF says the top 10 most sought-after skills in 2020 include mindfulness, meditation, gratitude and kindness. (In 2019, it was: strategy, deep learning and writing.)

Employers who can recognise and respond to the shift in employees' priorities will not only support staff – but also retain valuable employees and attract future talent. Understanding and acting on what matters most to employees is critical for business leaders.

The business case for prioritising wellbeing is evident in PwC's future of work report, [Changing Places: How hybrid working is rewriting the rule book](#). In PwC's [What workers want: Winning the war for talent](#) report, they found that workers value wellbeing second only to pay and remuneration, and 37% of workers consider their employer the main source of mental health support. Currently, only 21% of employees feel supported in managing stress and creating mental and emotional wellbeing. And yet, for every dollar spent by businesses on successful mental health programs, organisations can expect a return on investment of between \$1 and \$4 for an average return of \$2.30.<sup>1</sup>

Employers that seize the initiative and take intentional action to foster mental health and wellbeing for their workforce can expect to boost engagement, connection and productivity. For those funds that act swiftly, this comes with all the advantages of being a 'first mover'.

Practical steps to prioritising wellness need to be part of an organisation's operating rhythm and these include:

- training to build skills such as emotional intelligence
- embedding mental health awareness and first-aid as ongoing training requirements
- visible role modelling
- encouraging rest and recovery
- monitoring attrition, and also those returning
- and balancing return to work with the new priority to retain flexibility.

[Access resources and practical guidance on investing in mental wellbeing here.](#)

<sup>1</sup> Productivity Commission Inquiry Report Volume 1, Australian Government, Productivity Commission, 2020



# What does success look like?

One of the best ways for organisations in the superannuation industry to support staff, and therefore enhance member-centricity, is by prioritising ‘meaningful’ work.

**If you were to think of your superannuation organisation as an inverted triangle, then the widest section at the top would necessarily represent your members. This is your largest group. Immediately below members are your employees. At the bottom are the structures and procedures in place that allow your staff to carry out their work.**

This triangle reminds us that it's employees who are directly supporting members. Employees are the people on the front line. They are members' point of contact with the organisation and they're also the public face. And so it follows that the best way for a fund to support its members is to support its employees.

One vital element of this support is: meaningful work. PwC's research for Atlassian found employees are more likely to seek work that meets their needs with employers who share their values. So much so that they're prioritising values over job security. For instance, 55% of Gen Z are worried about their future job prospects and yet 54% would quit their jobs if their employer values did not align with their own.

Positive action and value alignment can breed organisational loyalty. Employers that speak out and take action on societal issues that resonate with their workforce can attract and retain the best people. This loyalty, in turn, enhances the quality of services that members experience.



05

Seven high-impact steps  
every organisation  
can take







**For organisations that are serious about prioritising people-based performance, we suggest seven high-impact steps. These steps are based on our experience across multiple industries worldwide, and each step is relatively simple to implement on its own. The trick, however, is to carry out each step to its full maturity, and then maintain each element simultaneously and with consistency.**

### **1 Teach leaders to lead, not just manage**

Our frontline leaders are often experts in their technical field but are they trained in being leaders? Equip your leaders with the skills to coach, problem solve and motivate teams. Here, a combination of training and coaching can help.

**Best practice:** Make a concerted effort to set new expectations around leaders' roles and model this throughout the organisation. It takes time to embed new behaviours and leaders should be supported by coaches who provide real-time feedback. Also, consider how the issue of leadership potential might impact the sort of people you hire in future for frontline roles.

### **2 Make performance visible**

Simple productivity measurements ensure individual and team performances are visible. This, in turn, connects teams to the bigger picture, which is vital for aligning staff on the how of work. Be vigilant, however, of unintentional outcomes such as driving 'busyness' rather than true productivity.

Staff should be included in designing measures to describe their work. Involve staff in the process of determining their goals, including how the team will achieve those goals and what measures will be used to check their progress. This creates alignment and unity of action. It also connects employees' efforts to their goals. Next, make those measures visible to all staff on a daily basis.

**Best practice:** Daily reporting and stand ups, as the basis for fact-based conversations.

### **3 Build effective daily plans**

Team leaders should focus on the most important, but not necessarily most urgent, issues. That is: avoid firefighting. This requires leaders to switch their thinking from being reactive to being proactive. By freeing up more headspace for strategic thinking, leaders can focus on pre-empting problems and addressing their root causes.

**Best practice:** Daily and intraday planning, as well as well-defined operating rhythms.



#### 4 Share knowledge

There's often a staggering variation in how staff complete set tasks, which leads to inconsistent member experiences and lower overall productivity. It also makes it harder to automate or improve processes. Reduce variations in performance and achieve operational improvements via standardising processes/libraries. Identify best practice and share it widely amongst the organisation.

**Best practice:** Team leaders should be equipped with standardised tools and techniques to solve problems. They should also prioritise desk-side observations of staff in order to provide in-the-moment coaching and to identify and reduce variations in processes.

#### 5 Work smarter, not harder

Being productive isn't as simple as doing more work, and excessive workloads can lead to errors, burnout and high staff turnover. Organisations should strive for the 'Goldilocks' of productivity: not overworking, but not working below capacity either.

**Best practice:** Monitor performance data and adjust workloads accordingly. Drive meaningful, fact-based, two-way performance discussions with staff to help identify who might be struggling and needs extra support. Additionally, set appropriate yet challenging goals.

#### 6 Celebrate wins

Embed critical behaviours via recognition and celebrate success using formal mechanisms (such as prizes and competitions), as well as informal mechanisms. There's great power in informal recognition, such as a simple, timely and specific email from senior leaders.

There's also a need for in-the-moment behaviour recognition, and leaders should be trained to spot and reward critical behaviours as they happen, and not just when results or targets are achieved. Not only will this reinforce success, it will also build capabilities within your teams.

**Best practice:** Use periodic reviews and skills matrixes to support success.

#### 7 Leaders set the tone by talking about mental health

Be the change you want to see when it comes to prioritising the mental health of your employees. Ensure visible role modelling takes place around wellness and facilitate dialogue with all employees.

**Best practice:** Prioritise services and benefits that encourage wellness and psychological safety in the workplace. Embed daily check-ins with the team, building an environment of psychological safety and trust, so that people feel supported to speak up.





06

## Case study:

**How a large organisation increased workforce capacity and staff engagement in just 12 weeks**

**This large organisation had a strategic objective to bring their contact centre workforce onshore, and so they partnered with PwC to revamp their customer operations and create the financial headroom to execute their strategy.**

The result? They increased workforce capacity by 20%, boosted staff engagement and improved all customer metrics within 12 weeks. The need to enhance customer engagement, and also improve and sustain operational productivity, provides a relevant example for organisations in the superannuation industry.



**Goal:** To repatriate a majority of high-value customer inbound interactions. Plans had to be fast-tracked during the pandemic when lockdowns caused them to lose thousands of offshore staff in just 48 hours. To give a sense of the crisis, this team had a fraction of this number in existing staff members in Australia at the time already taking other traffic. Recruitment in Australia began immediately.

**Challenge:** This operation faced an enormous cost exposure if they didn't get their value equation right. Efforts were focused on high-value, front-of-house customer interactions in their areas of core demand. At the same time, the organisation wanted to reduce the number of calls from customers reporting failures in delivery. After so many years of offshoring, they needed to invest in its onshore leaders to build process knowledge and subject matter expertise.

One of the biggest challenges, however, was that team engagement was not high (mostly as a result of remote working). The team felt unsupported and they were simultaneously having to learn new skills.

**Opportunities:** During the diagnostic phase with PwC, we identified plenty of potential for productivity uplift. The organisation had a lot of data and reporting – it just wasn't in a simple, usable format for frontline teams to use. There was also an opportunity to establish new standards for the Australian workforce. Plus, local leaders could drive performance by better allocating their time (away from admin and reporting tasks) and improving coaching of staff.

**Process:** This client partnered with PwC to implement the 'Perform' program to dramatically change the way frontline teams worked. New digital management boards were created, which the teams now use daily. Digital tools were established to engage staff and solve problems virtually. Processes were set up to enable around 80% of contact centre staff to work from home on any given day.

**Results:** The outcome was increased productivity, engagement, performance and customer experience. Productivity increased by up to 20%, with a measurable increase in team engagement. Leadership is reinvigorated (including tenured leaders), as leaders spend more time with their teams, aligning employees on a common purpose and goals.



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