

Tax Function of the Future

Spotlight on:

*Upskilling the Tax
Professional –
Tax workforce
strategy*



The Tax Function of the Future series spotlights topics relevant to Tax with a focus on what Tax needs to do **now** to operate successfully in an increasingly complex tax and business environment.

The Tax Function of the Future series predicted challenges that Tax functions may face now or in the future and offers correlative solutions. Our prior papers presented insights on topics ranging from new legislative and regulatory challenges to evolving tax operating sourcing models and organization design with emphasis on implications for technology, data, people, and process.

For more information on our predictions and prior Tax Function of the Future publications, please visit

<https://www.pwc.com/us/futureoftax>

In this publication, we return to a topic that we've addressed previously – the capabilities of the Tax professional. The world of work continues to change with global environmental factors resulting in workforce disruption. Now, more than ever, Tax needs to be equipped with the right skills and experiences to be successful today and in the future. In this webcast, we will discuss workforce strategy. What is it – and how does it apply to Tax functions? We will explore PwC's own Workforce of the Future approach with examples of how to upskill the Tax professional to succeed in the digital age.



CEO fears over availability of key skills have increased sharply in the last five years. 32% of CEOs surveyed report extreme concern in 2018 versus 11% in 2013.

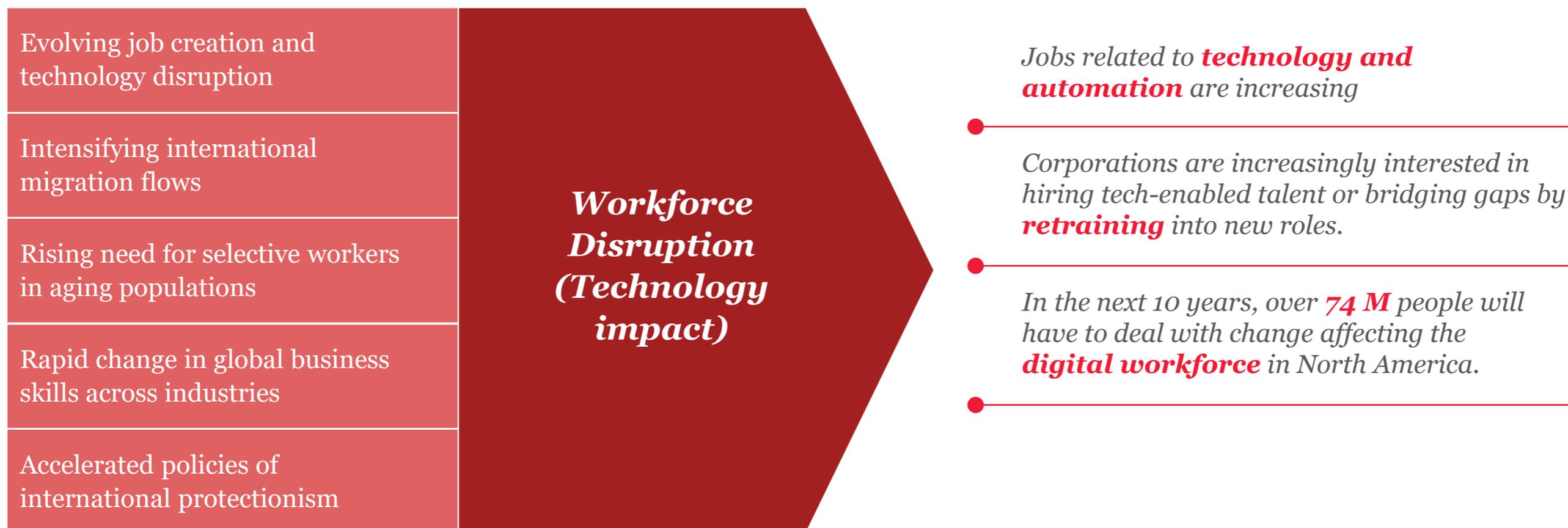
Source: US supplement to PwC's Global CEO Survey, January 2018



Why upskill now? Workforce disruption

Tax must keep up with environmental change and the needs of the overall business. Rapid advancements in technology and evolving roles combined with demographic shifts and global regulatory and legislative complexity, are resulting in workforce disruption. The old ways of working are no longer effective in supporting the Tax function.

Current global economic climate and trends



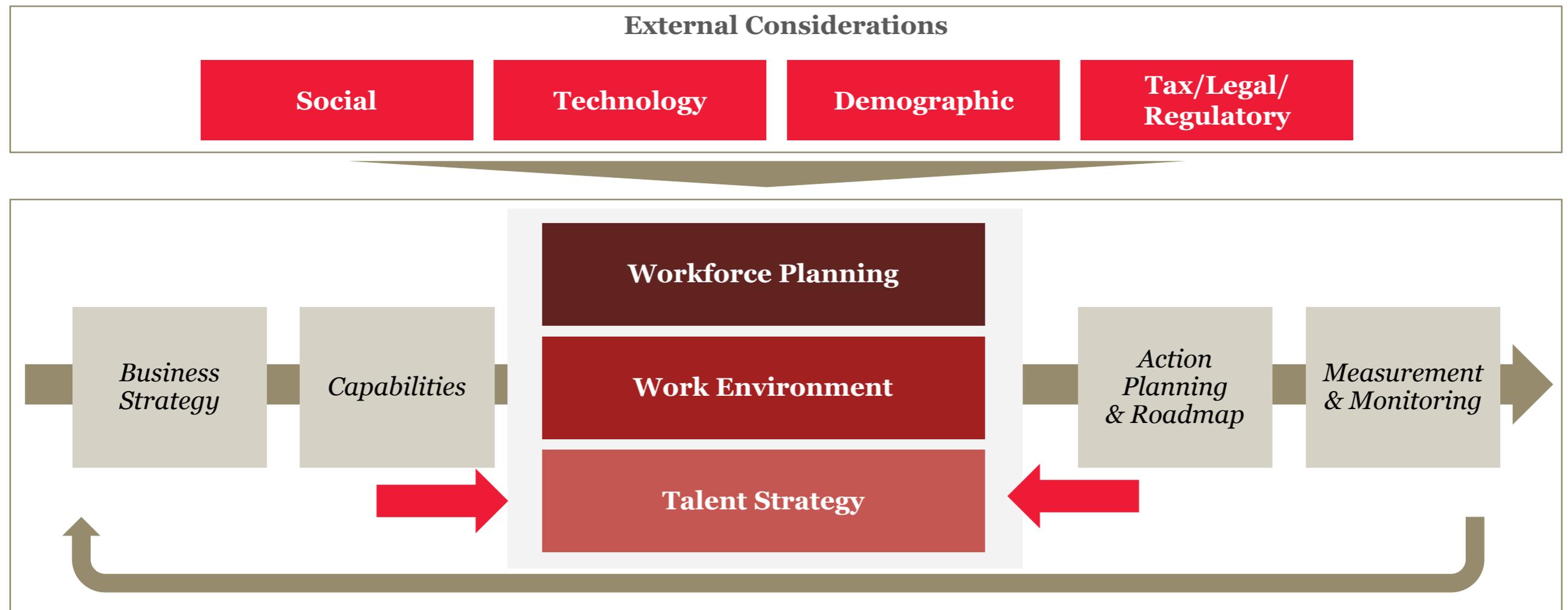
Source: PwC, Workforce Disruption Index 2018



Workforce strategy: What is it?

How should a Tax function approach the challenge of ensuring that it is equipped with the right skillsets to meet the demands of the function? Developing workforce strategy is not the type of work Tax functions are used to; however, the current environment requires that enterprise functions work together to advance the broader objectives of the business.

In this case, Tax needs to work closely with Human Capital to address the environmental factors that are causing disruption. Workforce strategy is a comprehensive framework that considers external factors in addition to business objectives and needed capabilities in the design and execution of a strategy for an effective workforce.



Focus on talent strategy

A key component of workforce strategy is ‘talent strategy’— How to harness the workforce to execute on a people strategy that is aligned with business objectives. The concept of talent strategy involves employing and engaging a workforce that adapts to new technologies and is prepared for today’s challenges in a complex business environment. Are workers equipped with the right tools and capabilities? And, do employers possess the requisite tools to measure success?



The impact of Workforce Disruption – The employee’s perspective

37% worry about automation
putting jobs at risk

75% of US workers are ready to learn new skills
or retrain to remain employable *in the future*

50% of US workers say the future world of
work is full of possibilities

*PwC's Workforce of the Future, Competing Forces Shaping 2030, 2017 :
The views of 10,000 workers*

A comprehensive approach to learning and talent development:

- Builds critical capabilities at all levels,
- Attracts and retains top talent,
- Delivers against strategic goals for the business,
- Develops the next generation of leaders,
- Protects and enhances the organization’s brand, and
- Reinforces a culture that values learning.



How workforce strategy applies to Tax

So, how is Tax affected by workplace disruption and how could the function benefit from workforce strategy solutions?

Tax workforce disruption

Two significant environmental factors are causing disturbance within the Tax profession. First, the pace of global **technological change** and **digital advancement** across industries and governments is affecting how the Tax function operates internally and with external stakeholders. Emerging solutions, such as artificial intelligence (AI), machine learning (ML), robotics, and blockchain, are being increasingly implemented by other enterprise functions and taxing jurisdictions, causing pressure for Tax to reconsider existing processes in order to keep up. Furthermore, experienced ‘tech-savvy’ Tax professionals with tax-technical knowledge and project management skills are hard to find.

Additionally, **new tax legislation and complexity**— US tax reform requirements— for example, reflect a growing trend towards transparency and the need for more detailed financial information. Tax needs the ability to automate the extraction, transformation, and loading of data from source enterprise systems into tax calculation engines and tax reporting. Tax would also benefit from enhanced data analytics solutions to strategically assess the impact of and plan for tax legislation changes.



63% of US CEOs are hiring, but it's more difficult to find that qualified worker.

Source: US Supplement to PwC's 21st Global CEO Survey, January 2018





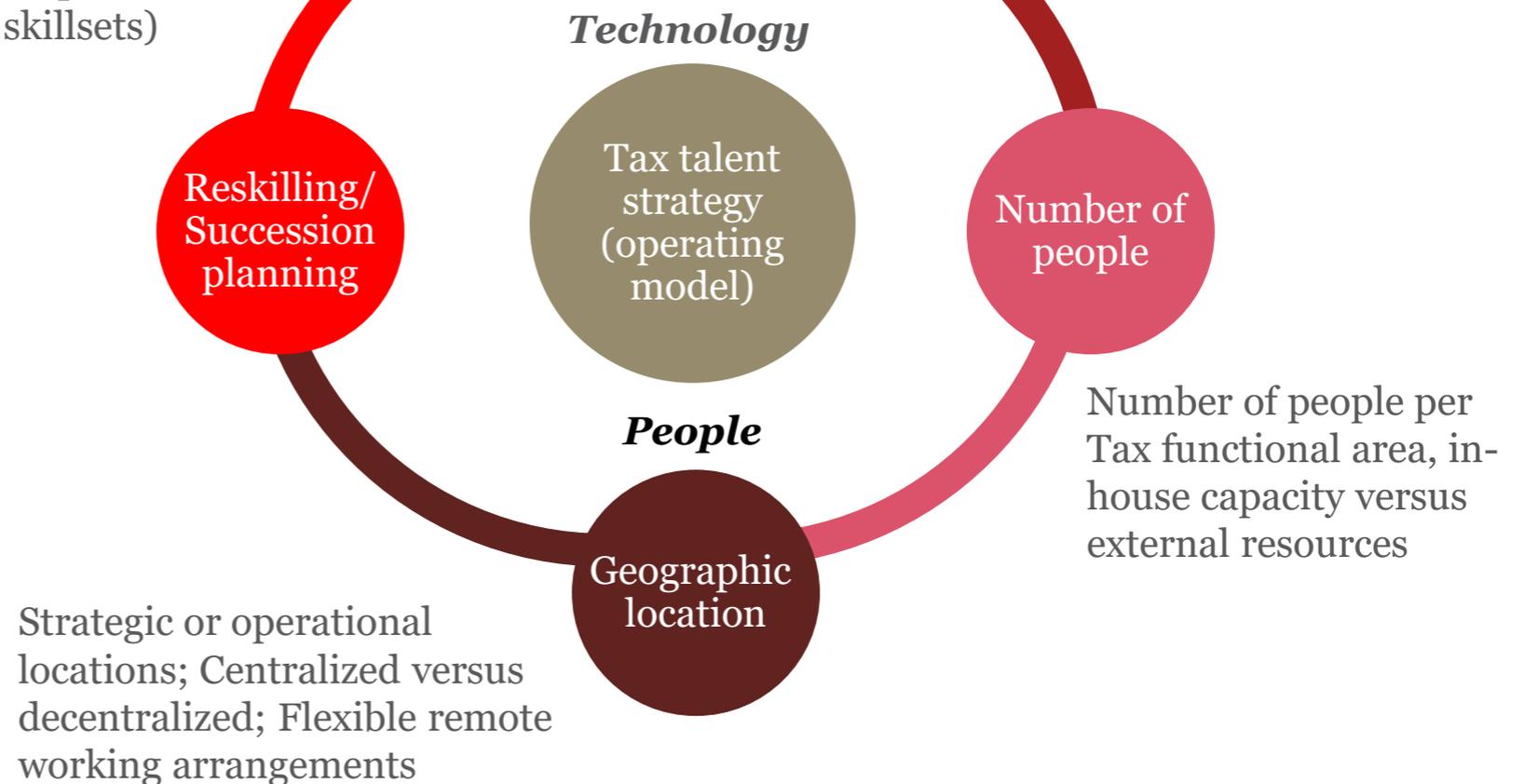
How workforce strategy applies to Tax (continued)

Technology/digitization disruption and increasing tax complexity combined with scarcity of needed skillsets are impacting the Tax workforce in the following ways:

- **Roles** are being defined to **include technology aspects**.
- Tax professionals are expected to navigate new **smart self-service** technologies for **‘small’ and fast automation**.
- Streamlined processes create capacity for **enhanced analytics** and more **strategic activities**.
- Technology can facilitate **collaboration across geographies** easily, allowing flexibility for strategic and operational location decisions.
- Ability to navigate **robotics, digital labor and analytics** tools could advance the career of the Tax professional, creating **new opportunities** across enterprise functions.

Tax professional career progression and development planning; Re-skilling Tax (expanded skillsets)

Skills and capabilities (e.g. specialist versus generalist) and technology enablement for each tax functional area



Workforce strategy: The PwC approach

Upskilling Tax – Learning solutions for the digital age

Without a doubt, people are at the core of any technology/digital transformation. Reskilling the Tax workforce—that possesses valuable tax and institutional knowledge—is important; however, without a shift in mindset and the nurturing of a culture that embraces and adapts to constant technological change, Tax will not realize the full benefits that new solutions can afford. As a result, how people prefer to learn matters considering the positive impact that learning can have on them and their careers.

PwC’s research has found that people learn differently. Millennials – and the upcoming Generation Z – may prefer to learn using digital formats that match the way they communicate and like to work. For instance, learning solutions that are mobile-enabled, challenging, and with the flexibility to be accessed anywhere and anytime will appeal to a growing segment of the workforce. Professionals also want to know how learning applies to business/Tax strategy and that it is focused on their career progression.



Tip

Training is not enough. Foster a culture of continuous learning tailored for the digital age



Tip

To create new digital business leaders, we need to understand how they learn and what they want.



Quality learning



Challenge



Mobile access



Career focus



Flexibility

Sources

1. PwC, *Future of Work: Millennials Survey (2015)*
2. Christy Price, “Why Don’t My Students think I’m Groovy?: The New ‘R’s for Engaging Millennial Learners,” Thomas A. Lifvendahl
3. Forrester’s *Global Business technographics telecommunications And Mobility Workforce Survey (2016)*

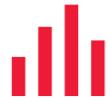


Workforce strategy: The PwC approach (continued)

Upskilling Tax – A Digital fitness example

PwC's *Your Tomorrow* initiative is a plan to create the digitally enabled PwC of the future. It's a bold move towards addressing the expectations of the market and the needs of our clients. We are preparing our people to work more digitally, developing new skills to thrive in this fast-paced environment.

As part of the *Your Tomorrow* roll-out, PwC's new *Digital Fitness Assessment (DFA)* is a mobile-enabled, interactive solution that leverages leading edge technology to evaluate digital aptitude, provide customized training, and report activity in dashboard format. The DFA app is an innovative, dynamic solution to learning in the digital era and it is now available for other organizations to use in their approach to workforce upskilling. DFA has been adopted by businesses in all industry sectors to support broader organization strategy.



Test

Digital Fitness Assessment
23 Questions (Individual)



Learn

60 Tailored Content Categories
Personalized Fitness Plan



Report

Performance Dashboard
Reportable Org-wide Insights

Introducing PwC's Digital Fitness Assessment

or you can call it DFA



Workforce strategy: The PwC approach (continued)

Upskilling Tax – A Tax Analytics case study

There is still a place in Tax talent learning strategy for in-person, hands-on training. We've found that our PwC people and clients benefit from a live experience where they can touch and experiment with new technologies, interacting face-to-face with an instructor and their peers. Let's look at the following case study.

Getting started with Tax Analytics

Over 2 years ago, PwC embarked on a journey to develop awareness and capabilities around tax self-service analytics and automation solutions. The following academies are available to PwC employees and clients. To date, over 2,500 PwC and client employees have received this training.

PwC's 2-day Tax Analytics Academy consists of hands-on exercises with tax data automation, data processing and data visualization tools in addition to demonstrations of tax capabilities enabled by these tools. PwC's 2-day Tax Automation & Robotics Academy consists of hands-on exercises with digital labor and tax robotics. Participants also will see many examples of the tax process efficiencies enabled by these tools.

The value being realized:

Efficiencies- Reduced time and money spent on tax compliance, utilizing time savings to drive enterprise value



Enhanced Reporting- Accessing centralized data in a simplified and flexible fashion with the ability to create ad-hoc reports & queries



Increase collaboration- Shared centralized, data in a format that invites collaboration and shortens decision timeframe



Business Agility- Automating the identification of exception and over/underperforming areas



A better view into tax spend- Visibility into tax operations and global tax liabilities in new ways



Analyze large data sets- Displays of various data points and measures in a way that makes it easier to analyze large volumes of data



Measuring success – Talent and technology KPIs

In today's environment, Tax professionals need new technology/digital skillsets; however, Tax first must understand how Tax upskilling aligns with Tax and business objectives and what drives a successful workforce. In collaboration with Human Capital, Tax should implement and continuously monitor key performance indicators (KPIs) focused on Tax talent and technology.

Focus on People:

- Levels of **job satisfaction** and **engagement**
- Level of **rewards and recognition**
- Employee **turnover** in Tax relative to overall corporate turnover
- Existence of formal and relevant **training**
- Quality and availability of **development programs** (e.g. cross-functional rotations, mentoring)
- Measures of **diversity and inclusion**
- **Leadership** profile (ability to influence change)

Focus on technology:

- Level of innovation – **Technology applied** to effectively enhance existing processes
- Frequency of process and technology **enhancements**
- Extent of **adoption** of existing enterprise technology for Tax
- Levels of **technology training**



Key takeaways

Tax should act now to keep up with environmental change. It is impossible to hire all the skills that are needed to manage today's tax complexity. Upskilling the workforce to leverage technology tools that are now available is key to achieving and sustaining success. Based on our own *Your Tomorrow* PwC people experience and our work with clients, we recommend the following actions:

Invest in your existing workforce

- Create a culture that embraces new technologies such as AI and Robotics
- Allow every willing person to be part of the journey. Provide a path and tools to allow each person to participate in upskilling
- Determine the appropriate method to identify and embrace digital talent and scale the right innovation

Create the infrastructure to drive the change

For each component of the change (recommend small, discrete steps to show clear evidence of progress), ensure there is:

- Clear and accountable ownership
- Targeted financial return that is embed in budgets
- Beginning and end dates
- Implementation of KPIs to measure performance

Align vision and strategy to be driven by leadership

- Ensure commitment by leadership team and prioritization on leadership agenda
- Create buy-in throughout all levels of leadership across the organization

Be customer obsessed (internal and external stakeholders)

- Co-create with your users
- Aggressively simplify processes that do not add direct value (e.g. automation versus manual spreadsheet manipulation)
- Develop consistent user experience (UX), where possible

Make change stick

- Consider incentives, gamification or other means to gain buy-in/accelerate adoption versus compliance (e.g. a time off challenge)
- Inspire all workers to opt-in



Leading-in

A closer look

Wrapping up

Connect with us

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To have a deeper conversation about how these issues may affect you and your business, please contact:

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Future series and access
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