Rise to the challenge
Human resources—critical issues—innovative solutions
Foreword

The responsibilities of the HR function have changed significantly over the past decade to focus increasingly on the challenges of managing the broader human capital capabilities required to achieve and sustain a competitive advantage and global growth. These challenges have led CEOs to look to HR as a change agent in the drive for a profitable, sustainable way forward.

Many HR leaders are rising to the challenge, stepping up as strategic business partners and growing their influence as predominant players in investment and business decisions. Leading HR executives have also been benchmarking their progress and impact and looking to financial measures to gauge results in their HR function, HR operations and human capital strategies.

Today’s dramatically shifting business, regulatory and demographic landscape will continue to challenge companies and their HR leaders as they face:

- **Ever-changing tax and regulatory requirements** — and how they affect benefit and compensation programs
- **Stock market volatility** — its negative impact on defined contribution balances and defined benefit assets, and an aging workforce trying to save enough to retire
- **Regulatory spotlight on executive pay** — with increasing pressure around compensation transparency, accountability and quality, and increasing regulatory complexity
- **Healthcare reform** — today’s health & welfare benefits programs are under significant scrutiny as employers respond to healthcare reform, escalating healthcare costs, regulatory pressures and competitive benefit pressures

As HR activities increasingly focus on managing the broader human capital capabilities required to achieve and sustain a competitive advantage and global growth, HR leaders are being challenged to:

- Enhance controls for human capital processes and mitigate vulnerabilities through rigorous regulatory and compliance risk management
- Align reward programs with talent and business strategies to build and sustain reward effectiveness and efficiency
- Apply workforce analytics to improve HR operations and workforce effectiveness
- Identify the impact of people issues surrounding transactions to enhance transaction value and effectiveness
- Find ways to use global mobility to break down borders

How the HR function approaches and executes on these issues will have a significant impact on your company’s ability to gain or maintain its competitive advantage.
Today's dramatically shifting business, regulatory and demographic landscape will continue to challenge companies and their HR leaders in such areas as:

**Reward effectiveness and efficiency**
Aligning reward programs with talent and business strategies

**Risk management, regulatory and compliance**
Enhancing controls for human capital processes and mitigating risk around HR

**HR and workforce effectiveness**
Improving HR operations through workforce analytics

**Transaction effectiveness**
Enhancing transaction value through human capital programs

**Global mobility**
Breaking down borders
Aligning reward programs with talent and business strategies

As companies search for sustainable economic growth amidst the lingering effects of the economic downturn, they must adjust strategies in the areas of talent and innovation, while remaining focused on the bottom line.

HR leaders are being challenged to meet the talent demands of sustainable growth, under the pressure to effectively manage HR, benefits and reward costs, and maximize the return on the overall investment in human capital.

The way forward

Today’s most successful companies understand that aligning their HR and reward strategies with their overall business strategy helps improve the profit and loss, balance sheet, cash flow and tax aspects of their investments in human capital and improves the overall return on investment of all human capital programs. HR leaders have engaged PwC to help successfully tackle the wide range of the financial management issues associated with retirement, health & welfare, compensation, global mobility and broader talent management programs.

Value to your company

By leveraging the skills and experience of PwC’s specialized HR, tax and accounting professionals, your company can develop and implement the programs specifically designed to:

• Link your human capital strategy to your business strategy to drive revenue growth and profitability
• Aggressively and effectively manage costs and improve the return on investment in retirement, health & welfare, compensation, global mobility and talent management programs
• Deliver fundamental financial management principles such as reconciliations, controls and performance assessments ingrained in human capital programs to manage the impact on profitability, cash flows and tax efficiency
• Manage HR operations, HR delivery and payroll effectively, including vendors and outsourcing suppliers, while seeking the highest possible return on human capital
• Manage talent effectively—e.g., sourcing, recruiting, staffing, development, training, succession management

PwC can help your company align your reward programs with your talent and business strategies.

Other critical issues in human resources

Please select one to learn more about the critical issue:

Risk management, regulatory and compliance

HR and workforce effectiveness

Transaction effectiveness

Global mobility
**Risk management, regulatory and compliance**

**Enhancing controls for human capital processes and mitigating risk around HR**

The tax, accounting and regulatory environment confronting HR is extremely complex and constantly changing. Today, HR leaders must ensure that their retirement, health & welfare and compensation (including equity) programs are compliant with a myriad of ever-changing tax and other regulatory requirements. Companies are moving toward a more dynamic approach to identifying, assessing and managing risk to help their businesses become risk resilient. Inefficient tax planning and failure to proactively manage tax, accounting and regulatory risks emanating from HR strategies, reward programs and delivery models can negatively impact a company’s bottom line... and reputation.

**The way forward**

As companies seek to protect their bottom line and reputation, they look for ways to better identify the risks inherent in their HR strategy in the areas of retirement, health & welfare and compensation programs. PwC’s global network of technical benefits, compensation, tax and accounting professionals has helped many clients select and implement approaches that best manage their inherent risks, keep them in compliance, help enhance controls for human capital processes, reduce regulatory audit risks and develop effective human capital governance.

**Compliance and risk management**

**touch all HR areas, including:**
- Retirement and health & welfare benefits
- Compensation
- Payroll
- Vendor selection and management
- Talent management

We work with companies to address risk management and compliance issues focusing on:

- Documented and effective controls
- Regulatory review preparedness, reducing financial and reputational risk
- HR and plan governance

**Value to your company**

By leveraging the skills and experience of PwC’s specialized HR, tax and accounting professionals, your company can reduce financial and reputational risk and develop a compliance culture, specifically designed to:

- Foster proper governance structure that increases effectiveness, transparency and efficiency
- Develop and adhere to effective processes and controls
- Manage compliance and operational issues to reduce benefit plan exposure to regulatory reviews
- Manage employee engagement risk caused by changes to benefits and compensation programs

Gaining better control over your company’s HR compliance and risk management issues will also enable you to focus on more strategic aspects of your business.

*PwC can help you to design and implement the proper controls around your human capital processes and HR issues.*

**Other critical issues in human resources**

Please select one to learn more about the critical issue:

- Reward effectiveness and efficiency
- HR and workforce effectiveness
- Transaction effectiveness
- Global mobility
Improving HR operations through workforce analytics

After a period of cost cutting, hiring freezes and budget constraints, HR leaders are being challenged to mobilize and manage talent to help their businesses return to growth. And while the activities of HR are increasingly focused on managing the broader human capital capabilities required to achieve and sustain a competitive advantage and global growth, company executives are placing more pressure on the HR function to perform better, smarter, faster and cheaper. In order to accommodate this shift in focus, HR needs to rapidly align its priorities and resources to provide the wider range of expertise necessary. Organizations are increasingly looking to harness the power of workforce data—metrics, surveys and predictive analytics—to provide needed clarity on operational/HR cost drivers and more effectively manage the organization’s assets.

The way forward

Companies need support and a clear road map to help them successfully navigate through their workforce challenges and improve HR function effectiveness. PwC’s global network of HR effectiveness experts offer an objective view of the HR function’s effectiveness, focused on fact-based financial and performance aspects of the HR function, coupled with our use of PwC Saratoga data. PwC Saratoga works with our clients to link measurement results with operational business results. We draw insight from workforce data to improve a company’s return on investment in human resources and human capital, thus positioning HR as a bottom-line contributor to the company’s overall business strategy while evaluating your performance against the competition.

Value added assistance includes:

- Gathering and analyzing workforce data to improve your company’s productivity, employee engagement and return on investment in human capital
- Diagnosing opportunities to streamline, automate, redesign, or outsource various HR activities
- Determining optimal staffing and internal HR roles
- Modeling alternative service delivery and sourcing solutions
- Developing the supporting business case for transforming HR capabilities

Our services include:

- Human capital metrics, benchmarking and analytics
- Human capital “dashboards”
- Engagement surveys
- Exit surveys

- Predictive analytics
- Talent management and workforce planning
- HR function effectiveness and transformation
- HR and human capital management strategy
- Future state implementation

Value to your company

PwC’s HR services professionals can work with you to develop HR measurement and benchmarking strategies and implement improvements in your HR service delivery, with a goal of greater alignment with overall organizational strategy, resulting in:

- Improved shareholder value and operating performance
- Improved productivity, discretionary effort and return on investment in human capital
- Better understanding of operational/HR cost drivers to more effectively manage the organization’s assets
- Cost savings with minimal disruption to HR infrastructure and workforce

PwC can help you to improve your HR operations through workforce analytics.
**Enhancing transaction value through human capital programs**

In today’s competitive business environment, mergers, acquisitions, divestitures, spin-offs and IPOs are commonplace. However, when a company undertakes any of these transactions, it risks losing value. Research shows that more than 70% of deals fail to realize the anticipated value—and failure to properly address HR issues is a key contributor. An organization’s people are key to achieving competitive advantage. Thus it is essential that transactional issues associated with people be identified early and addressed properly.

As companies examine, undergo and complete these business transactions, retirement, health & welfare and compensation programs all need to be evaluated for existing risks. There is also a need to determine whether the existing programs and overall HR platform will enable the post-transaction enterprise to realize the value envisioned in the transaction.

**The way forward**

Transactions happen every day. The key to success is being able to correctly identify the drivers of value in the transaction prior to the deal. In anticipation of a transaction, our global network of professionals working in the transaction arena (actuaries, accountants, tax and regulatory experts and specialists in the areas of retirement, health & welfare, compensation, HR strategy and operations, workforce planning, talent management and communications) collaborate to find those answers and provide our clients an unmatched breadth and depth of expertise, wherever the deal is unfolding.

From the due diligence stage of a transaction to address the specific retirement, health & welfare, compensation (including equity) programs and other HR issues inherent in the transaction through post-deal implementation, we are with you. Post-transaction, we can help address the issues that were raised in the pre-transaction phase. By identifying the impact of people issues, PwC helps bridge the gap between the HR function and the transaction team.

Specific areas of assistance include:

- Due diligence
- Pre deal HR strategy/structure
- Day one readiness
- Merger integration assistance
- M&A process improvement
- Divestitures
- IPOs
- Post transaction HR strategy/integration/organization design

**Value to your company**

PwC’s global network of HR transaction services professionals provides a tailored approach combining our top-tier HR consulting expertise with our tax, accounting and financial analytics expertise—all critical aspects of HR programs—setting us apart from our competitors and enabling our clients to:

- Identify critical make-or-break people issues in advance of a transaction
- Manage human capital issues from deal consummation through completion
- Identify integration challenges early and helping develop solutions to address them to help smooth integration
- Tackle the issues post-transaction that were raised in the pre-transaction phase
- Align post-transaction people strategies with the overall company strategy and objectives

**PwC can help you enhance your transaction value.**
Breaking down borders

Rapid globalization of business and rising activity in emerging markets have increased the need for companies to move people and source talent around the world. As a result, deploying employees across borders is critical to the success of today’s multinational companies.

However, managing a global mobility program is incredibly complex. Companies face numerous challenges such as navigating the intricate and dynamic nature of national and regional tax regulations; controlling risk against a vast, global backdrop; coordinating assignees’ taxes; and finding the right technology to help manage it all.

The way forward

Whether an organization has a small or large global mobility program, PwC’s International Assignment Services (IAS) practice can help by applying the experience, methodologies and tools we’ve used to manage diverse mobility programs around the world.

PwC offers total tax program assistance to help clients achieve home- and host-country tax compliance. These include core services such as tax planning, determining effective ways to deliver compensation, preparing home- and host-country filings, providing tax equalization calculations and assisting with tax authority inquiries.

PwC can not only provide clients with these essential tax services, we can also help them to get the most out of their mobility programs. In addition to our core tax offerings we provide a wide range of global mobility services, including:

- Strategy and global mobility policy advice
- Administration and global coordination
- Compensation, rewards and benefits planning
- Payroll and employment tax advice
- Immigration services (outside the US)

Value to your company

Our extensive knowledge of all aspects of assignment programs—from policy to reward and talent management to succession planning, puts us in the ideal position to make sure your mobility program is working at optimum efficiency, helping your company achieve the best return on its investment, with the least amount of risk.

PwC can help you manage the process of deploying an international workforce from start to finish.

Other critical issues in human resources

Please select one to learn more about the critical issue:

- Reward effectiveness and efficiency
- Risk management, regulatory and compliance
- HR and workforce effectiveness
- Transaction effectiveness
PwC’s human resource services overview

PwC’s human resource services (HRS)

As a leading provider of HR consulting services, PwC’s Human Resource Services’ global network of 6,000 HR practitioners in over 150 countries, brings together a broad range of professionals working in the human resource arena—retirement, health & welfare, total compensation, HR strategy and operations, regulatory compliance, workforce planning, talent management and global mobility—affording our clients a tremendous breadth and depth of expertise, both locally and globally to effectively address the issues they face.

PwC is differentiated from its competitors by its ability to combine top-tier HR consulting expertise with the tax, accounting and financial analytics expertise that have become critical aspects of HR programs.

PwC’s Human Resource Services practice can assist you in improving your performance across all aspects of the HR and human capital spectrum through technical excellence, thought leadership and innovation around five core critical HR issues: reward effectiveness and efficiency; risk management, regulatory and compliance; HR and workforce effectiveness; transaction effectiveness; and global mobility.
PwC’s human resource services practice areas

**Retirement Benefits Services**

Today’s companies look for customized solutions to fit their specific business needs and strategic objectives. PwC’s global network of retirement benefits professionals delivers a range of retirement and pension services customized to our clients’ specific business needs and strategic objectives. We help them examine their pension plans, look for ways to stabilize cash contributions, mitigate pension expense volatility and improve pension investment performance by utilizing sophisticated asset allocation, hedging and risk management strategies.

Areas of focus include:
- Plan design/redesign
- Coverage/discrimination testing and strategy
- Qualified plan operational reviews and strategy
- Compliance with governmental filing and disclosure requirements
- Valuations
- Actuarial analysis
- Vendor selection/implementation
- Asset/liability mix studies and asset consulting
- International benefits

**Health & Welfare Benefits Services**

In the face of healthcare reform and sweeping changes in the industry, companies need a fresh perspective on the changes impacting their business, benefits and the healthcare delivery system. We deliver a range of health & welfare services customized to meet our client’s specific business needs and objectives. This will enable them to achieve better control over their health & welfare benefits programs and better alignment with the company’s culture and strategy. Areas of focus include:

- Plan design/redesign
- Compliance
- Vendor selection/implementation
- Vendor/plan performance assessments
- Consumer directed healthcare
- Health and productivity/wellness
- Valuations
- Actuarial analysis
- Postretirement programs/Medicare Part D

Please select one to learn more about how PwC can help you:
- Retirement Benefits Services
- Health & Welfare Benefits Services
- Total Compensation Services
- HR Transaction Services
- PwC Saratoga
- International Assignment Services
- People and Change
Critical issues in HR

Executive pay is in the regulatory spotlight, with increasing pressure around compensation transparency, accountability and quality and increasing regulatory complexity. Today's compensation strategies can be complex to devise, difficult to maintain and challenging to administer from a compliance perspective. PwC's global network of compensation and reward professionals have the HR and financial knowledge required to help align reward tools, programs and processes with the company's objectives and culture, translating your company strategy into the desired compensation approach. Areas of focus include:

- Total reward structure design
- Competitive pay analysis
- Short-term incentive benchmarking, design and analysis
- Stock/equity plan benchmarking, design analysis and implementation—domestic and global
- Tax and accounting efficiency planning
- Compensation and change-in-control modeling
- Director compensation

Total Compensation Services

All companies face the challenge of aligning their business objectives with employee compensation. Executive pay is in the regulatory spotlight, with increasing pressure around compensation transparency, accountability and quality and increasing regulatory complexity. Today's compensation strategies can be complex to devise, difficult to maintain and challenging to administer from a compliance perspective. PwC's global network of compensation and reward professionals have the HR and financial knowledge required to help align reward tools, programs and processes with the company's objectives and culture, translating your company strategy into the desired compensation approach. Areas of focus include:

- Total reward structure design
- Competitive pay analysis
- Short-term incentive benchmarking, design and analysis
- Stock/equity plan benchmarking, design analysis and implementation—domestic and global
- Tax and accounting efficiency planning
- Compensation and change-in-control modeling
- Director compensation

HR Transaction Services

Transactions happen every day. When a company undertakes any transactions, it risks losing value. Too often the post-transaction enterprise isn't able to fully realize the value envisioned in the transaction because it was unable to properly identify the impact of people issues prior to the deal. At PwC, we work with companies from the due diligence stage of a transaction to address the specific retirement, health & welfare, compensation (including equity) programs and other HR issues inherent in the transaction through post-deal implementation. Post-transaction, we can help address the issues that were raised in the pre-transaction phase. By identifying the impact of people issues, we help bridge the gap between the HR function and the transaction team. Areas of focus include:

- Due diligence
- Pre deal HR strategy/structure
- Day one readiness
- Merger integration assistance
- M&A process improvement
- Divestitures
- IPOs
- Post transaction HR strategy/integration/organization design
- Business synergy analysis
- Ongoing HR, retirement, health & welfare and compensation services
- Communications

PwC Saratoga

The business drivers of today are changing from day to day, heavily influenced by the shifting economic climate. Despite the fact that workforce investment accounts for a significant portion of an organization's operating expense, many companies do not realize how the infrastructure of their human resources function can affect their bottom line. At PwC we work with our clients to link measurement results with operational business results. We draw insight from workforce data to help improve a company's return on investment in human resources, and to help improve alignment of its measurement programs with the objectives of its company strategy and HR programs. Areas of focus include:

- Global and regional metrics and measurement
- Industry benchmarking consortia
- Metrics training
- On boarding surveys
- Engagement surveys
- Exit/turndown surveys
- HR analytics/workforce intelligence
- HR customer satisfaction surveys
- Predictive analytics
International Assignment Services

Rapid globalization of business and rising activity in emerging markets have increased the need for companies to move people and source talent around the world. However, managing a global mobility program is incredibly complex.

Whether your organization has a small or large global mobility program, PwC’s International Assignment Services (IAS) practice can help by applying the experience, methodologies and tools we’ve used to manage diverse mobility programs around the world.

PwC offers total tax program assistance to help clients achieve home– and host–country tax compliance. These include core services such as tax planning, determining effective ways to deliver compensation, preparing home– and host–country filings, providing tax equalization calculations and assisting with tax authority inquiries.

PwC can not only provide clients with these essential tax services, we can also help you get the most out of your mobility programs by providing a wide range of global mobility services. Areas of focus include:

- Strategy and global mobility policy advice
- Administration and global coordination
- Compensation, rewards and benefits planning
- Payroll and employment tax advice
- Immigration services (outside the US)

People and Change

Organizations are looking for ways to get the most from their most important asset: people. PwC’s People and Change practice works with companies to align business strategy and metrics with talent and human capital management to drive positive business outcomes and offer strategic advice and pragmatic solutions. Areas of focus include:

- HR Transformation:
  - Shared services and outsourcing (BPO)
  - HR technology
  - Workforce management and payroll

- Talent Management and Organizational Design:
  - Leadership development
  - Workforce planning
  - Talent acquisition and deployment
  - Learning and development
  - Collaboration and knowledge management
  - Performance management
  - Rewards and recognition
  - Succession planning

- Change Management:
  - Leadership alignment
  - Change strategy and planning
  - Business case for change
  - Stakeholder engagement
  - Change readiness

- Change impact assessment
- Communications strategy and planning
- Training strategy and planning

Mergers & Acquisitions:

- People and culture integration vision
- Organization realignment
- Reward and performance optimization and HR readiness
- Stakeholder engagement and communication
- Talent assessment and retention
- Training and onboarding

Please select one to learn more about how PwC can help you:

- Retirement Benefits Services
- Health & Welfare Benefits Services
- Total Compensation Services
- HR Transaction Services
- PwC Saratoga
- International Assignment Services
- People and Change
Contacts

To discuss how we can help you address your critical HR issues, please contact us.

Scott Olsen
Principal
US Leader, Human Resource Services
646 471 0651
scott.n.olsen@us.pwc.com

Ed Boswell
Principal
US Leader, People and Change
617 530 7504
edwin.h.boswell@us.pwc.com

Billy Owens
Partner
Global Leader, International Assignment Services
704 347 1608
william.f.owens@us.pwc.com

Additional Key Contacts:

Ed Donovan
646 471 8855
ed.donovan@us.pwc.com

Retirement Benefits Services

Jack Abraham
312 298 2164
jack.abraham@us.pwc.com

Total Compensation Services

Bill Dunn
267 330 6105
william.j.dunn@us.pwc.com

Health & Welfare Benefits Services

Theresa Gee
312 298 4700
theresa.m.gee@us.pwc.com

Sandi Hunt
415 498 5365
sandra.s.hunt@us.pwc.com

Mike Thompson
646 471 0720
michael.thompson@us.pwc.com

HR Transaction Services

David Dilcher
312 298 3217
david.g.dilcher@us.pwc.com

PwC Saratoga

Pat Meyer
312 298 6229
patrick.meyer@us.pwc.com

Please visit our website at www.pwc.com/us/hrs or scan the QR code below with your smartphone.