



MNP

Practically Speaking

People Planning Guide

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Talent is a top priority for organizational leaders and business owners who want to maintain some degree of certainty in the face of so much economic turmoil. If you hold a leadership role in your workplace, you know how difficult it can be to attract the right people, maintain an appropriate staffing model, and build a culture that keeps employees engaged and thriving.

A September 2021 [study](#) by the Business Development Bank of Canada (BDC) revealed the following labour statistics.

Across all industries and sectors:

- 55 percent of entrepreneurs say they are struggling to hire
- 64 percent say that a worker shortage limits their growth
- 57 percent of employees left their job for better wages

Perhaps more telling is a finding from the 2022 Gallup Report on the Workplace:

“It takes more than a 20 percent pay raise to lure most employees away from a manager who engages them, and next to nothing to poach most disengaged workers.”

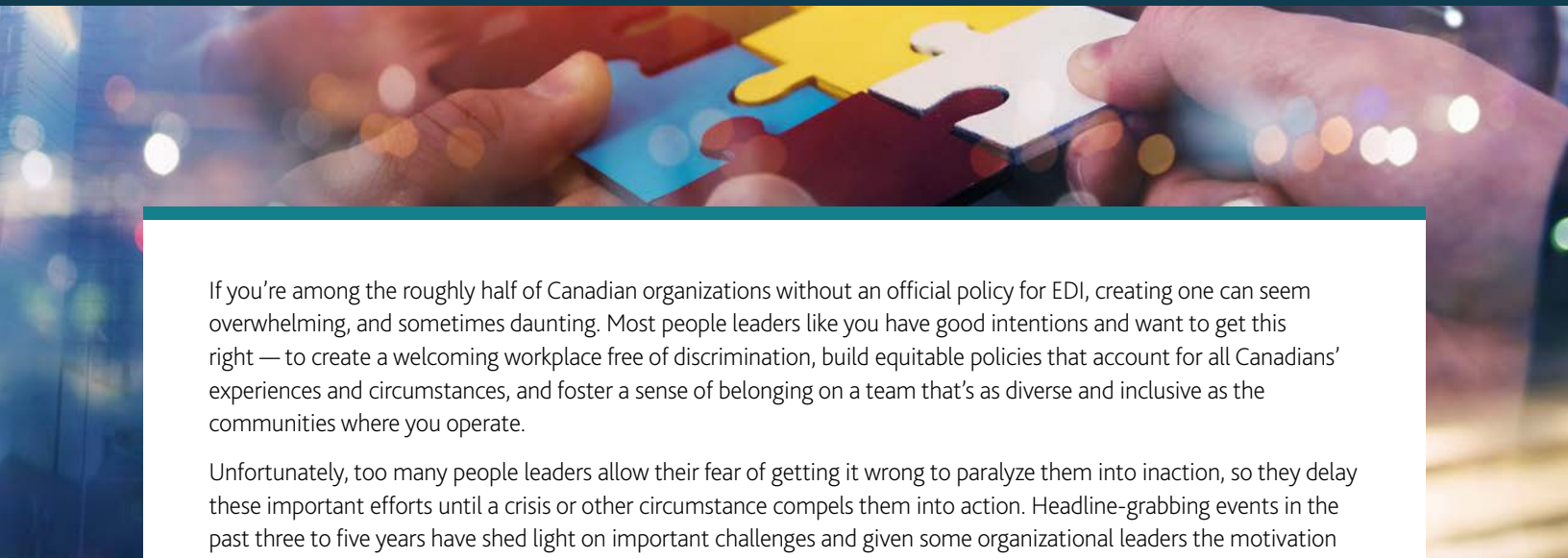
This data is aligned with the observations of our advisors here at MNP — in almost all conversations with clients, the current labour shortage, hiring difficulties, and creating a sense of belonging for diverse and increasingly remote employees are cited among the most pressing challenges they face.

It shouldn't take a labour market this tight to get leaders thinking seriously about talent strategy. Your talent is your greatest asset, in good economic circumstances and bad, and should be invested in accordingly.

This guide is designed to provide you with some practical ideas to help you build or refine all elements of your organization's people strategy. From culture, to equity, diversity and inclusion, to hybrid work models, we understand the challenges you're facing. There is no one-size-fits-all solution to build and retain the perfect team, but as you re-frame your thinking and ask yourself the right questions, you'll find solutions and opportunities you hadn't encountered before.

Equity, Diversity and Inclusion (EDI)

The conversation about Equity, Diversity and Inclusion (EDI) in the workplace is not new, but it has evolved over decades. Despite almost universal consensus that EDI is important, a survey from The Harris Poll released in June 2022 found only two in five Canadian companies have a concrete EDI policy, with an additional nine percent saying they plan to implement one in the near future.

A close-up photograph showing several hands placing and fitting together colorful puzzle pieces. The pieces are in shades of blue, yellow, red, and white. The background is blurred, showing bokeh light effects from what appears to be an indoor setting with lights.

If you're among the roughly half of Canadian organizations without an official policy for EDI, creating one can seem overwhelming, and sometimes daunting. Most people leaders like you have good intentions and want to get this right — to create a welcoming workplace free of discrimination, build equitable policies that account for all Canadians' experiences and circumstances, and foster a sense of belonging on a team that's as diverse and inclusive as the communities where you operate.

Unfortunately, too many people leaders allow their fear of getting it wrong to paralyze them into inaction, so they delay these important efforts until a crisis or other circumstance compels them into action. Headline-grabbing events in the past three to five years have shed light on important challenges and given some organizational leaders the motivation to take EDI more seriously.

As you take the first steps to review or create your EDI strategy, ask yourself the following questions:

- Are we doing this for the right reasons? Do we feel compelled to focus on EDI because there's a positive business case, or out of fear of reputational damage?
- What are our current team members telling us about how to proceed? Have we taken the time to listen to all our team members, particularly those from equity deserving groups?
- Are we up to date on the terminology we need to use, keeping in mind it's regularly shifting?
- Do we know the makeup of our own team (i.e., how our team members identify)? Do we have EDI statistics and metrics to inform our strategy?
- What does progress look like, and how will we measure it?
- Do we have the right expertise to build an EDI strategy in-house, or do we need to seek out more help?

There's no templated approach to EDI policy or strategy that will work for every organization. But there is one uniform truth that does apply to all organizations: those who don't integrate EDI as a central part of their culture will face immense hurdles getting through the next few years with their team, culture, reputation, and business model unscathed.

The initial stages of this process may require you to have difficult conversations and learn tough truths about your organization, how your team members really feel and act. But once you're armed with this information, you can not only create the right messaging and communications, but more importantly, turn words into actions that help make your organization and society better.

Employee retention strategy

Given how expensive and time-consuming it is to recruit and train new hires, especially in the current environment, employee retention is often one of the most sensible investments you can make. A solid retention strategy doesn't only make financial sense, it breeds stability, productivity, and peace of mind for your entire team.

The 2022 [Job Optimism Survey](#) conducted by talent solutions and consulting firm Robert Half found that roughly half of Canadian workers plan to seek a new job in the first half of 2023. A separate study by The Canadian Workplace Culture Index in 2021 found that 60 percent of Canadians would leave their current job for the same position at another organization paying 10 percent more.

These results may lead you to conclude that loyalty to one's employer is becoming a scarce resource, and to a degree that is true. But the greater problem is that most organizations struggle to retain top talent because they cling to dated retention strategies that no longer work as well as they used to, especially with younger people. To begin innovating your approach to employee retention, ask yourself the following questions:

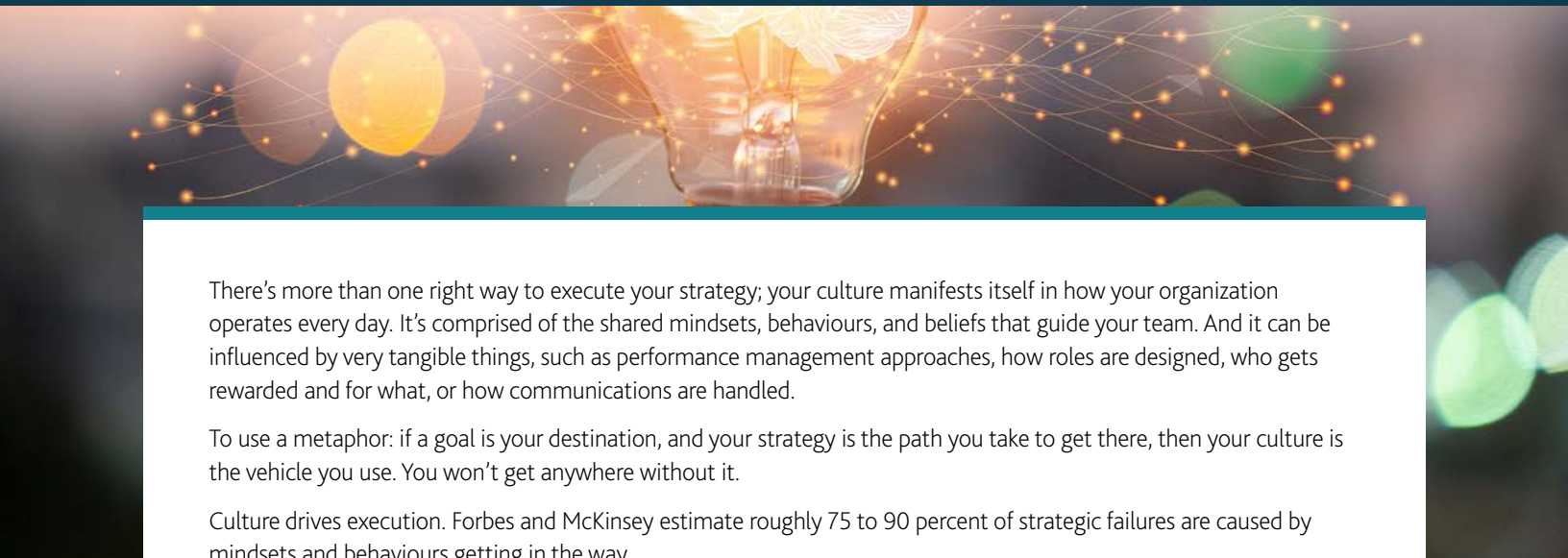
- What tools can I use to build loyalty, aside from just offering higher pay?
- If remote work is not an option for my organization, what other types of flexibility can I offer?
- What can I do to measure and quantify employee engagement?
- How do I foster the types of relationships within my team that lead them to want to stay together, even if higher salaries are available elsewhere?
- How can I solicit my employees' feedback and leverage their insights on what would incentivize them to stick around?

While salaries are an important element of your retention strategy, especially in the face of high inflation, they are by no means the only tool available to you. Many young people are beginning to realize being miserable at work for higher pay is not an exchange they're willing to make. What was commonly termed the "Great Resignation" at the height of the pandemic is really a mass re-evaluation of priorities, a realization of what employees truly want and expect from work.

Your role as a people leader is to create a culture and environment at work that are magnetic, so your organization can defy trends of high turnover. People stay for many reasons — flexibility, opportunity, recognition, purpose, compensation, and positive relationships with coworkers top the list.

Culture and transformation

Organizations that manage change with agility will perform better in the face of economic headwinds. Most business transformations fail not because they were poorly planned or because the strategy was amiss, but because the organization's culture acted as a barrier to change.



There's more than one right way to execute your strategy; your culture manifests itself in how your organization operates every day. It's comprised of the shared mindsets, behaviours, and beliefs that guide your team. And it can be influenced by very tangible things, such as performance management approaches, how roles are designed, who gets rewarded and for what, or how communications are handled.

To use a metaphor: if a goal is your destination, and your strategy is the path you take to get there, then your culture is the vehicle you use. You won't get anywhere without it.

Culture drives execution. Forbes and McKinsey estimate roughly 75 to 90 percent of strategic failures are caused by mindsets and behaviours getting in the way.

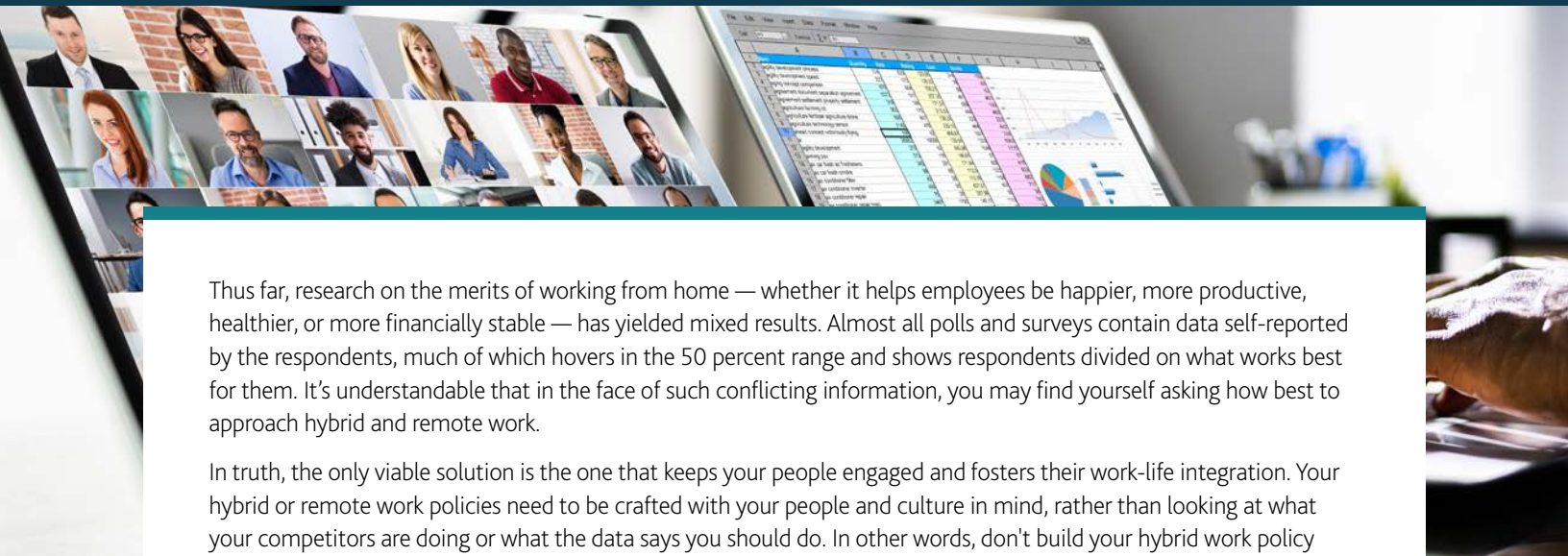
To begin thinking about how to improve your organizational culture, ask yourself the following questions:

- What are the signs and indicators of a positive culture?
- Are there ways to measure the positive or negative impact our culture is having on our organization's bottom line?
- How are my organization's policies and initiatives related to EDI, environmental sustainability, and social responsibility affecting our culture?
- How does our culture impact our hiring and employee retention practices — what candidates we interview, who we promote, what behaviours we reward?
- Is our organization's purpose sufficiently clear to uphold a strong culture?

Contrary to what many business owners and people leaders believe, culture is not a vague or nebulous aspect of your organization that's beyond your understanding and control. You can take concrete steps to measure and improve your culture, and making this investment almost always yields a myriad of positive outcomes — more engaged employees, efficiency gains, smoother change management, and more.

Hybrid and remote work

At the beginning of 2021, the number of Canadian employees aged 15 to 69 who reported working most of their hours from home jumped to 32 percent, up from four percent only a few years prior. Today, the number of Canadian employers who offer some form of hybrid work arrangement is estimated around 61 percent, which shows the trend of full- or part-time work from home is not going away any time soon. And even if this declines a bit as organizations and communities stress the importance of being in offices, it's clear that we will never see a return to the past.



Thus far, research on the merits of working from home — whether it helps employees be happier, more productive, healthier, or more financially stable — has yielded mixed results. Almost all polls and surveys contain data self-reported by the respondents, much of which hovers in the 50 percent range and shows respondents divided on what works best for them. It's understandable that in the face of such conflicting information, you may find yourself asking how best to approach hybrid and remote work.

In truth, the only viable solution is the one that keeps your people engaged and fosters their work-life integration. Your hybrid or remote work policies need to be crafted with your people and culture in mind, rather than looking at what your competitors are doing or what the data says you should do. In other words, don't build your hybrid work policy with a strictly top-down approach. Engage with your team members and gauge their sentiment towards how and where they work best.

Here are some examples of questions you should be asking yourself, and your team, during this process:

- Do we have the right digital tools and processes to foster efficient work remotely?
- If both in-person and remote work have their pros and cons, how can we create the “best of both worlds” in our hybrid strategy, rather than combining the worst elements of each?
- What roles lend themselves best to at-home, hybrid, and in-office work?
- How does working from home help or hinder our progress on ESG, including environmental sustainability, pay equity, diversity and inclusion, and more?
- What possibilities exist for cost savings, or cost increases, if we embrace full- or part-time remote work? What happens to our bottom line?
- Does our organizational culture mesh well with being physically distant from coworkers?

It's worth noting that remote work is not in the cards for the millions of Canadian employers and employees whose roles require them to be physically on-site — further evidence that no one-size-fits-all solution exists. If you own or lead one of these organizations, thinking seriously about what other forms of flexibility you can offer your team, aside from hybrid work, is a valuable exercise. And whatever solution your organization lands on, make sure all policies are put in writing so any team member can access them.



What comes next

There's no telling if, or when, the imbalances in Canada's labour market will subside. Between workforce reskilling, immigration, and other macro-economic trends, some forecasts are optimistic that current hiring and retention woes won't last forever.

But one thing is certain: your organization can't afford to wait until external forces act in your favour before you start innovating and improving your people strategy.

What you do in the next two to four years could determine the long-term strength of your team and your workplace. Organizations that are poised to emerge ahead in the post-COVID economy are those that make deliberate investments in the wellness, development, and recognition of their people.

To learn more, sign up for our weekly Real Talk Tuesdays newsletter at mnp.ca/practicallyspeaking or view individual articles written by our top consultants in people strategy:

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