HR Next: The Future World of Work

Michael Ehret
Vice President, Human Resources
Medical Devices

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“The future is here - it’s just not evenly distributed”

William Gibson
Sandy Ogg
CEO Works
McKinsey
A New Era of Business

1.0  Industrial
19th CENTURY
Industrial capitalism powered by coal, telegraph, printing press & steam engine

2.0  Modern
20th CENTURY
Market-driven economy powered by oil, phone, television and automobiles

3.0  Smart
21st CENTURY
Demand-driven economy powered by data, Internet, smartphone & drones
The World of Work is Changing

Technology is everywhere
- 2.6 billion+ smartphones in the world

Tsunami of data
- 9x more in last 2 years

Diversity and Generational Change
- Millennials 50%
- 25% global population from Africa by 2050

AI, Cognitive Computing, Robotics
- $500,000 in 2008
- $22,000 today

Jobs vulnerable to Automation
- 35% UK
- 47% US
- 77% China

Explosion in Contingent Work
- US Contingent workers 40% by 2020

Change in nature of a career
- 2.5 - 5 years: half-life of skills

2017 Deloitte - Future of Work
Five forces of change

- Exponential pattern of technology change
- Human and machine collaboration
- Social and organizational reconfiguration
- All-inclusive global talent market
- A truly connected world
Future of work

Five forces of change

1. Social & organizational reconfiguration
2. Global talent market
3. Connected world
4. Exponential technology change
5. Human & machine collaboration

Two core themes

Democratization of Work
Technological Empowerment

Four potential future scenarios

3. Work reimagined
   - Technological: Current state
   - "Uber" empowered: Today turbocharged

4. "Uber" empowered
   - Technological: Current state
   - "Uber" empowered: Today turbocharged

*CHREATE 2015
Plot your view of the future state

Considering the Four Potential Future State Scenarios, identify which future scenario you believe will most likely be true in the year 2025 and why.

**Four Potential Future State Scenarios**

1. **Current State**
   - Consistent with its label, this scenario suggests that the world of work in 2025 will bear a striking resemblance to today. This scenario suggests that through a general slowdown in the evolution of technology or management science or a significant set-back, the world or work remains similar to today’s current state. This scenario may also be the result of a political, social, climatic or economic catastrophe.

2. **Today Turbo-Charged**
   - This scenario suggests the continued evolution and empowerment of technology empowering business, but with little advances of evolution in business or management models. This scenario is characterized by similar employment relationships but in a faster, better, cheaper business paradigm.

3. **Work Reimagined**
   - In this scenario, the future sees the evolution into new business and employment models without significant advances in technology. Current level of connected technology enable a “Corporate Arab Spring”

4. **“Uber” Empowered**
   - This more extreme scenario suggests a virtuous and accelerated cycle of technology AND work democratization fueling one another to create the rapid evolution of new business models. These business models will increasingly be characterized by the way they place into balance the needs of the company and the needs of the individual.
Critical Shifts

• The “gig” economy, robotics and cognitive technologies
• What does it mean to be “employed” – open systems
• Questioning the need for Organization Charts
• Re-defining “jobs” to focus on meaningful work
• Learning and Career
• Leading in a Digital World
Health is not a privilege; it’s a basic human right. That means businesses like ours must help create healthier societies.

ALEX GORSKY
Chairman and CEO, Johnson & Johnson
Our Credo

We believe our first responsibility is to the doctors, nurses and patients, to markets and patients and all others who use our products and services. In meeting their needs everything we do must be of high quality. We must constantly strive to reduce our costs in order to maintain reasonable prices.

Our second responsibility is to the employees, the men and women who work with us throughout the world. Everyone must be considered as an individual. We must respect their dignity and recognize their worth. They must have a sense of security in their jobs. Compensation must be fair and adequate, and working conditions clean, orderly and safe. We must be mindful of ways to help our employees fulfill their family responsibilities. Employees must feel free to voice suggestions and complaints. There must be equal opportunity for employment, development and advancement for those qualified. We must provide competent management, and their actions must be just and ethical.

We are responsible to the communities in which we live and work and to the world community as well. We must be good citizens—support good works and charities and bear our fair share of taxes. We must encourage civic improvements and better health and education. We must maintain in good order the property we are privileged to use, protecting the environment and natural resources.

Our final responsibility is to our stockholders. Business must make a sound profit. We must experiment with new ideas. Research must be carried on. Innovative programs developed and mistakes paid for. New equipment must be purchased, new facilities provided and new products launched. Reserves must be created to provide for adverse times. When we operate according to these principles, the stockholders should realize a fair return.

Nosso Credo

Estamos comprometidos com os princípios superiores, que estão pensando, trabalhando e viver com os profissionais. Devemos operar de forma preventiva para evitar qualquer problema. Os gerentes devem estar em primeiro lugar, protegendo os interesses dos investidores. Devemos ter uma postura ética e eficaz para alcançar o sucesso.

Unser Credo

Wir glauben, dass unsere erste Verantwortung den Ärzten, Schwestern und Patienten, den Märkten und allen anderen Personen gilt, die unsere Produkte verwenden. In der Erfüllung ihrer Bedürfnisse müssen alles, was wir tun, von hoher Qualität sein. Wir müssen ständig bemüht sein, unsere Kosten zu reduzieren, um vernünftige Preise zu halten.


Wir sind verantwortlich für die Gemeinden, in denen wir leben und arbeiten, und für die Weltgesellschaft. Wir müssen gute Bürger sein – unterstützen gute Werke und Einrichtungen und tragen unsere faire Quote der Steuern. Wir müssen für bessere Gesundheit und Bildung eintragen. Wir müssen die Gebäude in ordentlicher Ordnung gepflegt haben, die wir privilegiert nutzen, die Umwelt und natürliche Ressourcen schützen.


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Our Broad-Base Advantage

- Partner of Choice
- Breakthrough Innovation
- Broad Global Footprint
- Enterprise Capabilities & Efficiencies
- Strong Financial Performance
Strategic Framework

Our Credo

Our Purpose

We Blend ❤️, Science + Ingenuity to Profoundly Change the Trajectory of Health for Humanity

Our Enterprise Principles

- Be Broadly Based in Healthcare
- Use our Reach & Size for Good
- Lead with Agility & Urgency
- Invest for Enduring Impact

Our Global Growth Drivers

- Create Life-Enhancing Innovation
- Deliver Excellence in Execution
- Generate Value Through Partnership
- Empower & Inspire our Employees
The Evolution of HR

Nature of business support

1.0 Generalist Personnel
2.0 Business Partner HR
3.0 Value Coach Talent + Value

Expertise

Training Comp & Benefits
- Local
- Duplicated

Center of Expertise
- Learning
- Talent Management
- Demand
- Change Management
- OE/OD

Business Solutions
- Talent to Value
- Org "Shaping" (Cost, Growth, Agility)
- Mobilization

Transactions

- “By Hand” – Excel
- Local
- Duplicated

- Employee Self-Service Applications
- Systems
- Data Quality

- Analytics
- Actionable Insights
Enabling the POWER of J&J

By globally connecting our enterprise, we will deliver world-class services that create greater value and support our pace of innovation for the benefit of our patients and customers.
There are 3 elements
Our Multi-Year Implementation Path

- **CONCEPTUAL DESIGN**
  - 2013
- **DETAILED DESIGN**
  - 2014
- **ASPAC PHASE 1**
  - 2015
- **NA BRAZIL**
  - 2016
- **EMEA ASPAC-PHASE 2**
  - 2017
- **EMEA ASPAC-PHASE 3 LATAM**
  - 2018
- **IMPLEMENT + CONTINUED**
  - 2019

**Development**

**Improve**
### Points of the Success for Changing Ways of Working

<table>
<thead>
<tr>
<th><strong>HR LAUNCH EXECUTIONS:</strong></th>
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<th><strong>NEW HR OPERATING MODEL NOW SUPPORTS</strong></th>
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<td>&gt;60K J&amp;J Employees worldwide</td>
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<th><strong>NEW YEAR END COMPENSATION PLANNING PROCESS LAUNCHED:</strong></th>
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<th><strong>COUNTRY/CLUSTER HR LEADERS</strong></th>
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<td>Business Advisory Councils build two way dialogue between ESP and business leadership</td>
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<td>Incorporating lessons learned from early deployments, and adjusting future strategies accordingly</td>
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<th><strong>ASK GLOBAL SERVICES:</strong></th>
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<td>Single access point for employees to connect to cross-functional services</td>
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<th><strong>INQUIRIES TO CONTACT CENTER:</strong></th>
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<th><strong>SEARCHES</strong></th>
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**Points of the Success for Changing Ways of Working**

- **33** Launches in 2016 across 4 functions
- **100%** of goal achievements across all regions
- **$74MM** Achieved in cumulative HR savings through streamlined processes and shifting the placement of work across our 3 tiers
- **208** Global Services HR hires across 3 regions
- **>60K** J&J Employees worldwide supported by the new HR operating model
- **18,000** J&J Managers worldwide involved in the new year-end compensation planning process
- **10** Country/Cluster HR Leaders appointed to deploy our One HR model
- **13,000+** Inquiries to the contact center
- **19,000+** Searches
- **4 of 5** Delivery centers in place

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**Supporting Leaders Through Change**

- Business leaders engaged through all launches and multiple discussion channels
- Business Advisory Councils build two way dialogue between ESP and business leadership
- Incorporating lessons learned from early deployments, and adjusting future strategies accordingly
- Formal hyper care exit reviews to assure value realization, compliance, and run state readiness
Our Opportunity

• Always have a pulse on the internal and external environment
• Seize opportunities and take calculated risk
• Enable the best talent to make the biggest difference in our world
The Evolution of HR Strategy

HR 2.0

TALENT
Talent to Value

ORGANIZATION
Shape for Cost, Growth, and Agility

CULTURE
Energy Design

HR EXCELLENCE
HR Next: Creating the Future World of Work

• HR Next paves the way for HR Strategy agile refresh, leveraging an outside-in approach to gather inputs necessary for developing and sustaining strategic priorities going forward.

3 HUMAN CAPITAL PLATFORMS OF FOCUS FOR 2017

Future World of Work
Organizations must rethink how they define their workforce, how they design their jobs, and how they build organizational ecosystems and networks to in order thrive in the emerging business environment, requiring a new breed of leaders.

Employee Experience
Organizations must deliver better-designed end-to-end employee experiences while utilizing the right tools that measure, align, and improve culture and engagement.

Digital HR
HR is now playing a prominent role in helping to lead the digital transformation sweeping organizations worldwide. This requires the function to manage a digital workforce, design and support a digital workplace, and operate in a new digital way.

HR STRATEGY MOVING INTO THE FUTURE

HR Next will continue to inform yearly HR objectives & portfolio priorities moving into the future

HR Next helps shape and deliver J&J’s Human Capital framework, which ultimately enables the delivery of our business strategy and our ability to evolve and meet the needs of a changing world of work.
HR Next: Creating the Future World of Work

- HR Next is a co-creation initiative which supports the long-term development of J&J’s HR strategy and redefines the identity of HR to continuously advance the profession.

### Phase 1: Engagement, Immersion, and Exploration

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<tr>
<th>Event</th>
<th>Dates</th>
<th>Description</th>
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<tbody>
<tr>
<td>HREC Immersion</td>
<td>June 8th</td>
<td>Interactive immersion of the 2017 Deloitte Human Capital trends</td>
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<td>Deep dive learning experience into the three most poignant HC Trends for J&amp;J</td>
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<td>Determination of how the trends will drive J&amp;J’s strategic business objectives</td>
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<tr>
<td>HR Community Engagement</td>
<td>June 21st – Ongoing</td>
<td>Yammer Launch to activate the HR Next Community across the J&amp;J enterprise</td>
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<td>Discussion around HC trends, new knowledge, ideas, and problem solving</td>
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<td>Key analytical insights to understand regional challenges and drive strategic objectives forward</td>
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<tr>
<td>HR Community Immersion</td>
<td>July 19th</td>
<td>Event designed to further ignite excitement and buzz for HR Next across J&amp;J</td>
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<td>Opportunity to share knowledge and insights from industry leaders and HC Trends experts</td>
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<td>Demonstration of strong leadership commitment to HR Next</td>
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### Phase 2: Strategy Formulation and Refinement

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<tr>
<td>Crowdsourcing</td>
<td>July 19th – August 11th</td>
<td>Platform to collect, analyze, and select ideas from the HR community related to the three platforms</td>
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<td>Opportunity for the HR community to be involved in the future HR strategy development</td>
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<tr>
<td>Strategy Camps</td>
<td>September 12th – 13th</td>
<td>Activation of the HR community’s crowdsourcing ideas related to the three trends of focus</td>
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<td>Immersive, experiential lab to break through challenges and activate trends</td>
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<td>Opportunity for top influencers and thought leaders in HR and the business to showcase their best ideas and solutions and influence recommendations for the HR strategy</td>
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Phase 3, Community Activation and Mobilization, will commence following the output of the Strategy Camps and strategy development. We will then articulate the strategy to the community at the end of 2017 for pull-through and adoption.
“The greatest responsibility of modern management is to develop the human intellect in order that it may express its talent.”

*Our Management Philosophy*

R.W. JOHNSON – 1957
Get your 2.0 House in Order
What’s Drives Value?
Talent to Value

What are the positions that really drive value?
Energy Audit