

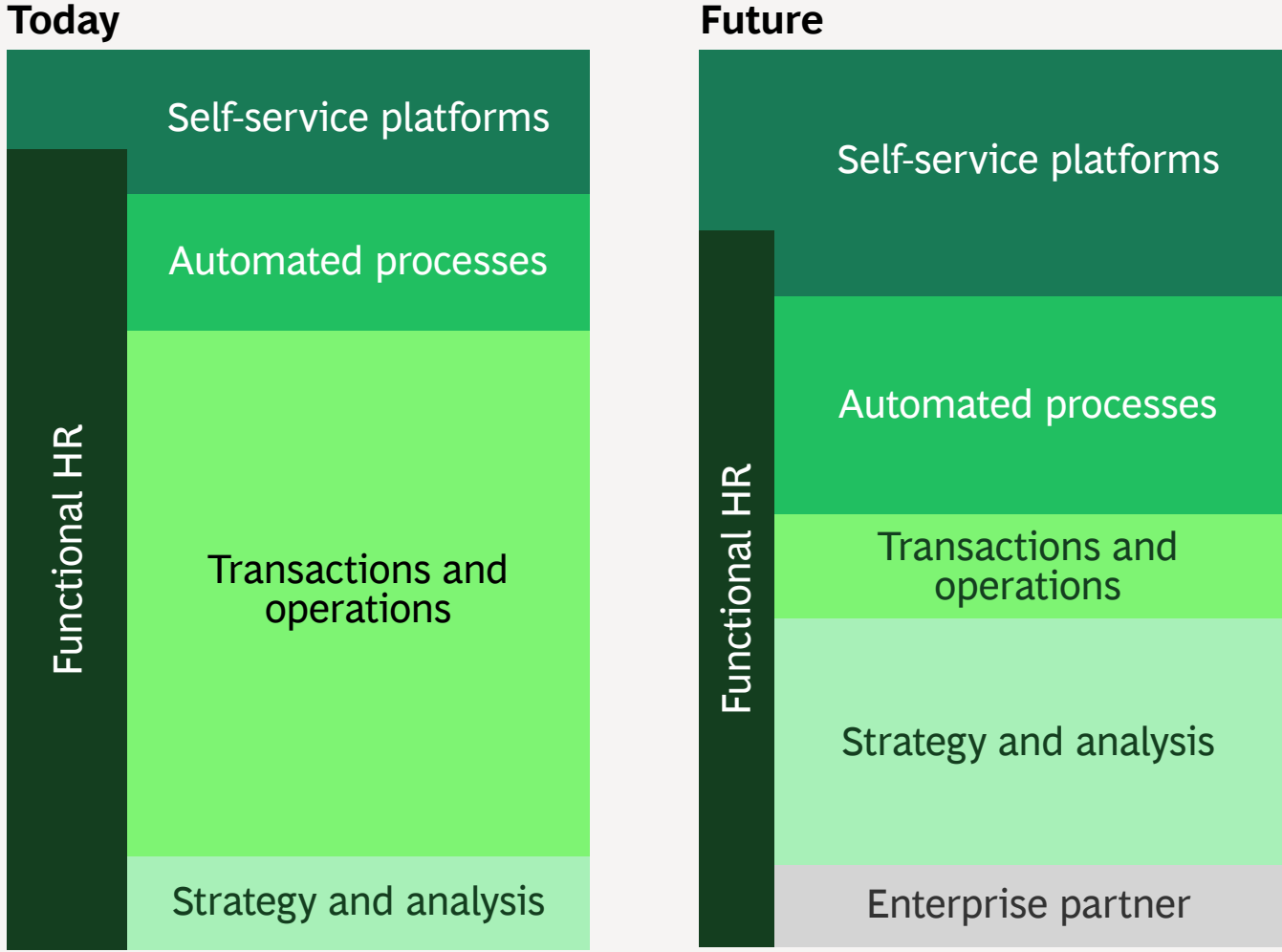


How Generative AI Will Transform HR

AUGUST 2023



The impact of GenAI on HR | A fundamental transformation into a more strategic, value-added, insight-driven HR organization



Size = Illustrative share of the workflow

Transformation enabled by:

- Dramatically increased self-service
- Productivity and experience enhancements across hire-to-retain processes
- Truly personalized and always-on delivery of HR services
- A comprehensive data-driven talent ecosystem to power people decisions and workforce transformation

Outcome

Increase in strategic roles supporting the business, including a specific role in transforming the enterprise

Source: BCG analysis.

Note: Pace of change will vary greatly by the starting point of the function.

Trend examples | How these trends are driving results for HR teams

Self-service and open-access information

Tech-enabled, more personalized and productive hire-to-retire processes

Key impacts of GenAI

- Fewer clicks, more answers
- Better, more conversational chatbots with new GenAI capabilities
- Faster resolution of employee Q&As

- Consumer-grade tech paired with HR professionals who can invest more time in moments that matter
- More personalized and responsive interface, such as nudges or L&D offered within a work rhythm

Example results



reduction in employee request approval time



cost savings to deliver high-quality L&D video content

Use case examples | Create data-driven and tech-enabled recruiting and onboarding



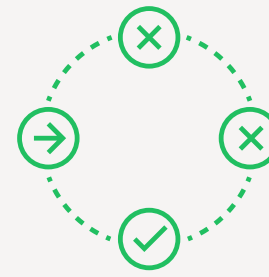
Content creation for roles

- Auto-generate dynamic, targeted job descriptions and postings
- Flag any bias in language
- Create social media content for campaigns



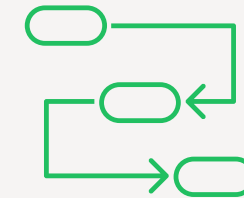
Candidate analysis

- Identify relevant candidates
- Identify target skills for specific positions and individuals
- Develop pipeline analytics with suggested interventions



Interview and selection

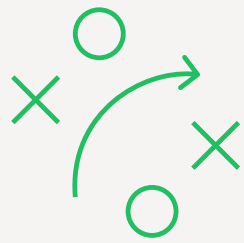
- Analyze candidate response and facial expressions via video or text-based interviews
- Create summary views of candidates, input, next steps
- Facilitate logistics such as scheduling



Onboarding

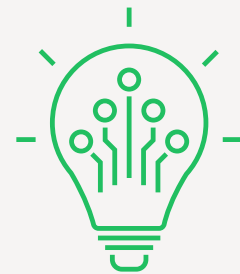
- Automate tasks and route them cross-functionally
- Provide chatbot support for candidates and new hires

Use case examples | Enable skills-based talent management and learning



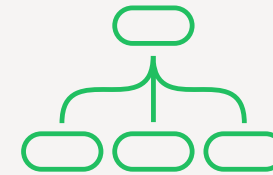
Broader strategic workforce planning

- Forecast and identify talent or skill gaps
- Predict future skill requirements based on corporate strategy
- Highlight talent for open roles or next-gen succession planning



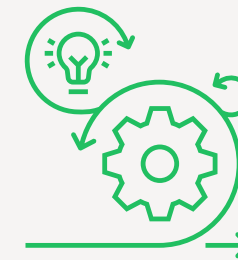
L&D content creation and communication

- Suggest training-course content, outlines
- Optimize and create new training and learning materials (text, audio, video, etc.)
- Create interactive and generative e-learning courses



Personalized employee learning journeys

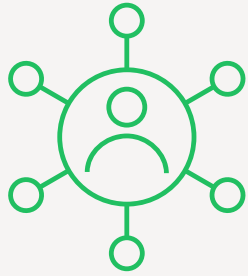
- Suggest next set of learning modules based on performance and goals
- Adjust timing, amount, and depth of learning modules based on employee-stated goals and employer competency frameworks



Automated L&D nudges integrated into how we work

- Integrate micro learning daily, including real-time feedback based on work product
- Translate employee development plans into workflow prompts

Use case examples | Engage employees more effectively and course correct more quickly



More information with easier access

- Answer employee queries on topics like benefits or HR processes
- Allow managers to complete tasks via conversational workflow, such as approved job reqs, compensation increases, performance ratings



Identification of real-time employee engagement opportunities

- Conduct sentiment analysis to identify potential needs for emotional or engagement support
- Generate personalized messaging to target employees or candidates for support



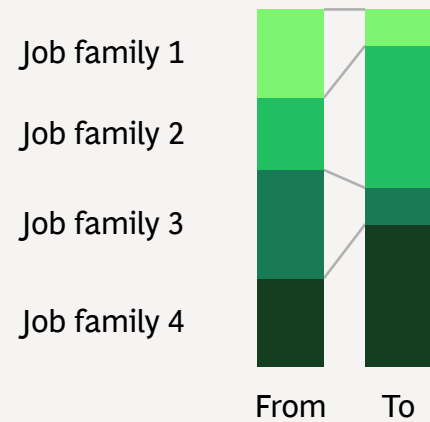
Acting as a manager copilot through information, targeted interventions, and solutions

- Highlight potential areas where there may be job and reward misalignment
- Facilitate stress management in critical times
- Send nudges with suggested interventions to enable more data-driven manager coaching
- Draft personalized emails to employees

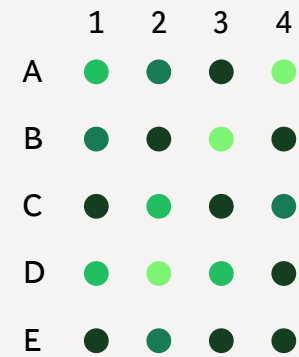
Putting it together | AI enables a more comprehensive and data-driven talent ecosystem

1 What skills do I need? In what quantity?

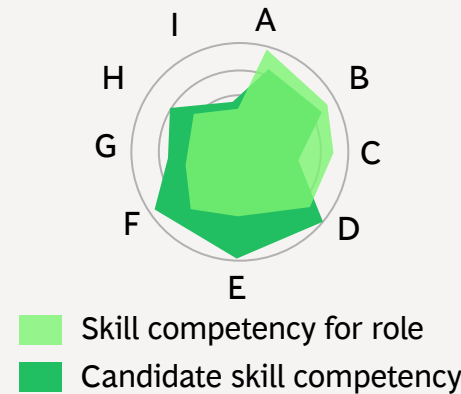
Work redesign and demand forecast



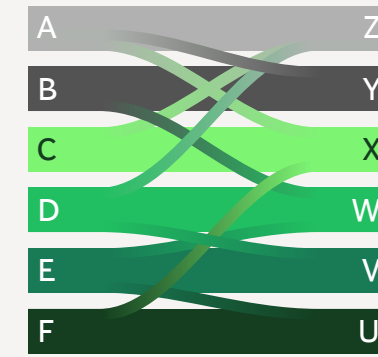
Job-skills matrix with proficiency



Employee skills mapping

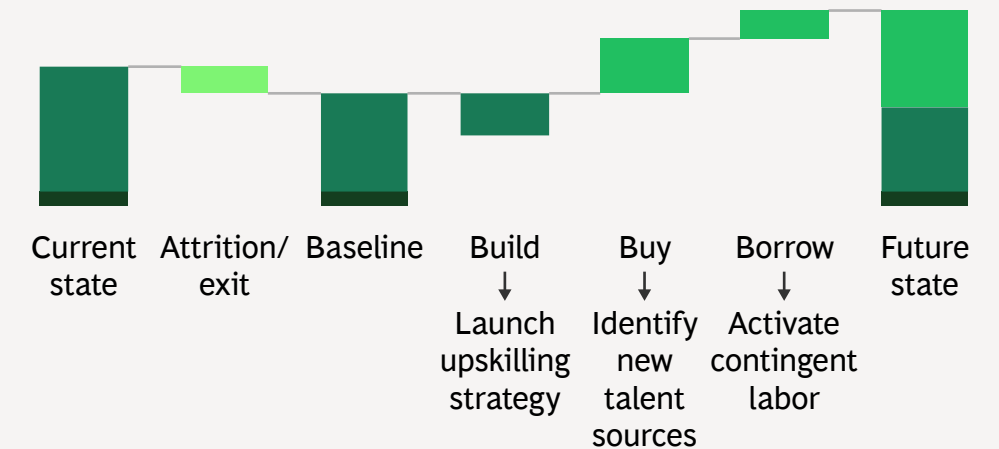


Job-matching algorithm



3 How do I best fill supply-demand gaps? What are no-regrets talent moves?

Dynamic workforce plan



Sourcing and upskilling strategy

4 How do I support comprehensive change management?

GenAI and AI use cases

- Copilot to redesign work
- Automated flags on work demand shifts based on talent and market trends, business results, strategy
- Auto-refreshed job-skills matrix incorporating GenAI skills disruption indexes based on job trends

- Skills inference, e.g., employee skills mapping “start” based on day-to-day work
- Predictive job fit incorporating outcomes of day-to-day work and working styles
- Next-gen succession strategies measuring rate of learning, network health, and grit
- Employees’ career information democratized: transparency into skills, relevancy of skills, potential career moves

- Integrated and dynamic workforce plan that allows for changes in strategy, AI advances
- No-regrets skilling strategy recommendations
- Auto-generated sourcing flags—when and where to go for talent and auto-launched job reqs based on talent insights
- Summarized cost assessments based on location strategy and recent talent wins

Case study | BCG U leveraged GenAI to transform learning and development workflows



Context

BCG U enables transformative learning at scale

The goal: create a responsive online GenAI training in 6 weeks or less with half the budget

Productivity results

9 days

to develop a sample course (versus 6 weeks before GenAI)

60%

cost savings to develop video content

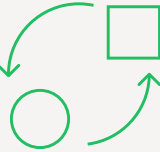
5 person team

contributing to project (versus team of 10 before GenAI)

Lessons learned



GenAI helps create content, but human input is required for the final 20% to customize and add context



GenAI tools reduce iteration cycle time (e.g., translating to other languages)

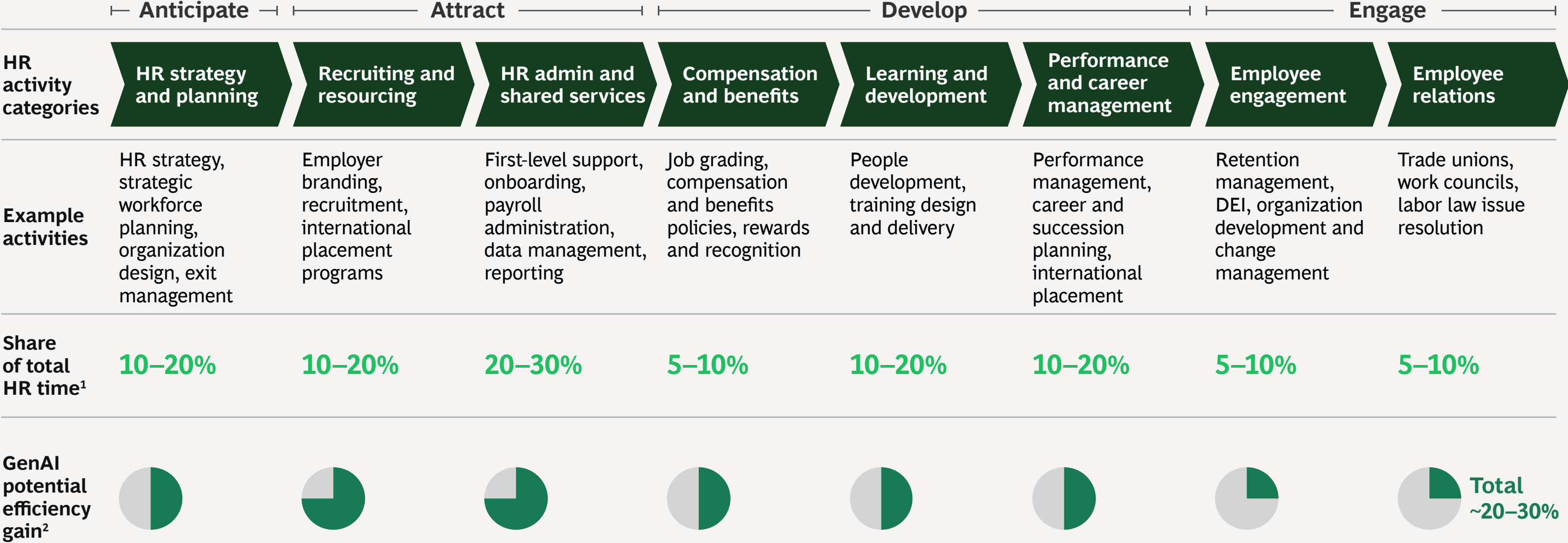


The learning curve is steep—what took the team 3 days at the beginning can be accomplished in just hours now



GenAI requires a more agile build, reshaping roles and team structures

HR transformation | GenAI has the potential to drive about 30% increased productivity across the HR value chain in the near term



Source: BCG analysis.

Note: DEI = diversity, equity, and inclusion.

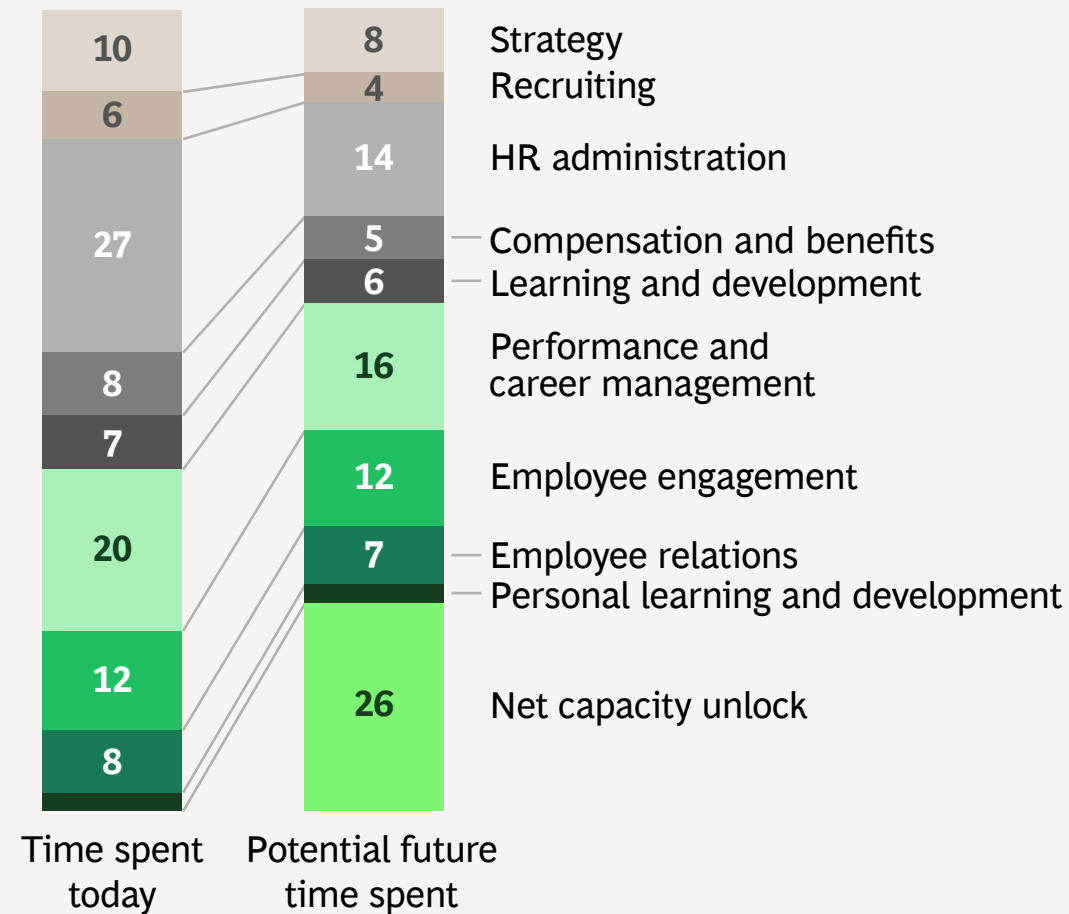
¹Estimates based on BCG’s support function benchmarking data for the past five years (June 2023). ²Estimates based on potential efficiency gains from automation of processes addressed by GenAI tools, on the basis of the anticipated maturity of GenAI tools in the next 6 to 12 months; average figures, subject to variation depending on industry and company specifics including degree of current digitization and where activities occur today.



A real-world scenario—HRBP productivity | Some companies may reinvest freed time in higher-value activities

Scenario 1: Prioritize near-term efficiency; today's HRBPs powered by AI
 (% of total time spent by activity)

CURRENT TIME ALLOCATION (%)



Scenario 2: Reinvest time to deepen insights and engagement; a new talent business strategist
 (% of total time spent by activity)



Both scenarios create time savings through:

- Content creation (e.g., generated job postings)
- Increased self-service (e.g., chatbots)
- Scheduling (e.g., interviews)
- Augmented data insights (e.g., personalized performance)

In scenario 2, there is incremental value when reinvesting time in:

- Leading both the HR and the overall transformation
- Developing broader upskilling programs for work transformation
- Engaging employees in the change
- Investing in personal development to support GenAI upskilling

Sources: Illustrative HRBP time allocation; BCG analysis.

Note: HRBP = human resources business partner.

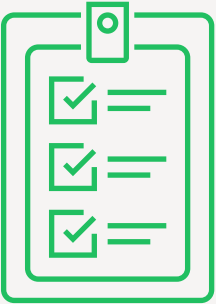
The role of HR in driving GenAI transformation for the enterprise

- 1 Set the vision of the change and create positive momentum**
Help the business boldly reimagine the AI-enabled enterprise, highlighting wins and value generated
- 2 Lead by example through change**
Be an early adopter; embrace new tools and ways of working; lead with empathy and compassion, and cultivate the target culture during change
- 3 Articulate and plan for the workforce impact**
Translate the strategy to a workforce plan, with both a qualitative and a quantitative understanding of potential impacts; design no-regrets moves along the journey
- 4 Lead the transition of the work**
Redesign work, roles and responsibilities, workflows and processes, org and op models, KPIs and performance management, career pathways, skills, etc.
- 5 Embed learning throughout the organization**
Ensure everyone—front lines to executives—has foundational knowledge to extract maximum value from AI and protect against risks; partner with risk management and legal
- 6 Mitigate bias and risk in the AI approach**
Establish an ethical framework to prioritize data privacy, safeguard against bias, and comply with legal requirements to balance the potential benefits of GenAI with employee well-being
- 7 Hold the organization accountable**
Hold the enterprise accountable for productivity gains from GenAI, by setting goals, measuring progress, and identifying where supports are needed (e.g., new incentives, training)

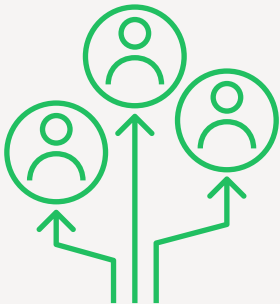
What the chief HR officer can activate now | Support the enterprise



Create a GenAI cross-functional SWAT team



Determine the skills mix required for the GenAI squad



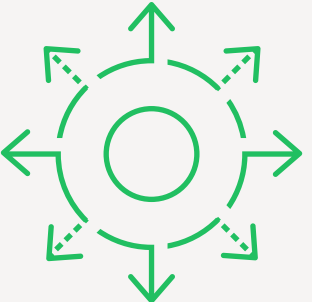
Identify responsible AI points of contact



Start a broad upskilling program for the top 100 leaders



Sketch out workforce transformation themes aligned to the enterprise strategy (qualitatively and quantitatively)



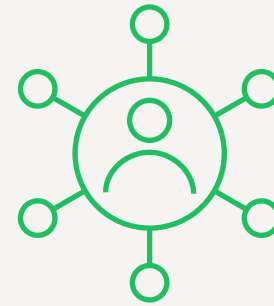
Communicate the changes to the organization

Source: BCG analysis.

What the chief HR officer can activate now | Lead the change in HR



Clarify the North Star vision, incorporating GenAI potential



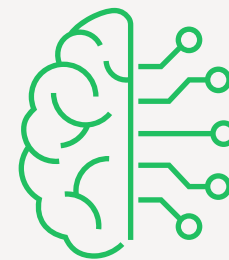
Create the GenAI squad for HR, including a point person



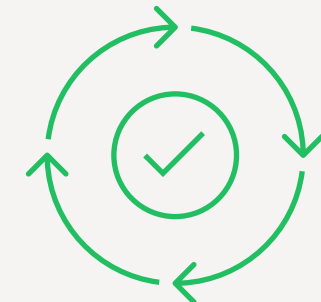
Ensure that foundational data is in order



Conduct ideation sessions to identify three use cases to start in HR

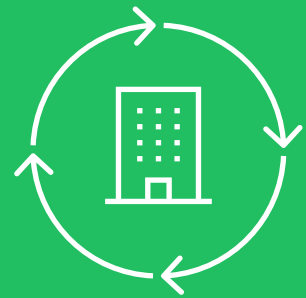


Retain and expand on digital and data skills in the organization



Engage the team to drive excitement and reduce fear

Putting it together | HR leaders have a dual role to drive GenAI transformation for the enterprise and function



Prepare for enterprise transformation

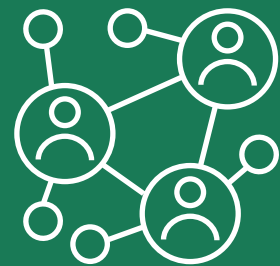
Lay the foundation for the enterprise strategy

- Design and staff the GenAI cross-functional SWAT team
- Align leadership on a change/culture narrative specific to AI
- Experiment with an upskilling pilot to determine how to scale
- Start to sketch the major themes of workforce transformation, quantifying the impacts
- Identify or build capabilities for responsible AI points of contact

Adapt the talent strategy to the next phase of the AI strategy

- Create the V1.0 workforce plan including the projected size of the impact
- Develop a roadmap for talent based on the expected timing of AI activation
- Begin to activate no-regrets moves—the types of talent to source, broader upskilling program
- Start to build the capability for work redesign linked to the AI and talent strategy; ensure it is a repeatable process

Execute and iterate



Innovate for HR

Reconcile AI ambitions against HR goals

- Ensure that the HR function's goals for GenAI are aligned to the enterprise and HR strategy
- Agree on what makes a good AI/GenAI use case
- Understand the HR tech stack as well as data opportunities and limitations (including what is on the roadmap of current vendors)

Ideate

- Identify pain points to fix, impact areas to magnify
- Generate ideas from HR team, customers, data on HR performance, external perspectives
- Plan immersion sessions to demo and ideate
- Develop an expanded list of GenAI opportunities

Evaluate and prioritize

- Estimate the size and cost of executing the ideas
- Test with tech, customers, HR teams
- Prioritize and detail shortlisted ideas
- Finalize cost and value estimates
- Staff squads to get started on minimum viable product ideas

Innovate and build