

CAC (MPI) 1-1

Part and Chapter:	Part I – Overview	Page No.:	6 of 13
PUB Approved Issue No:	8. Cost of Operations		
Topic:	MPI 2.0 –guiding principle		
Sub Topic:	Be a fast follower of industry best practices and trends		

Preamble to IR:

The guiding principles for the 5-year ambition identified in MPI 2.0 are:

- Customer experience drives improvements
- Improvements must make financial sense
- Create a culture of continuous improvement through empowerment and automation
- Be a fast follower of industry best practices and trends
- Actively engage stakeholders along the way.

On page 6 of the Overview chapter MPI further states:

"MPI requires people with the competency and capacity to conduct its plans. Applying Enterprise Risk Management principles, MPI identified "People Risks" as one of its major risks."

Question:

- a) Please provide a narrative contrasting the major "People Risks" with the principle, "be a fast follower of industry best practices and trends". In the response please discuss the costs impact and necessity for MPI to be a fast follower of industry best practices and trends.
- b) Please elaborate and discuss the risk mitigation process in place to ensure people with the right competencies and capacity are available to avoid project failures.

- c) Please provide a schedule and explanations detailing project costs impairments, by project, due to "People Risks" as referred to in the Preamble to this question.
- d) Please provide a narrative discussion of the consequences of implementing new or leading edge technologies while the corporation is experiencing shortages of operational subject-matter experts.

Rationale for Question:

To better understand the need for MPI to be a fast follower of industry practices and trends in light of its focus on core business and ultimately the costs to rate payers.

RESPONSE:

- a) To meet the evolving needs of Manitobans, MPI strives to be a fast follower of industry best practices and trends. A fast follower strategy ensures MPI will not fall far behind from a technology perspective and is more efficient than an approach entailing leading edge innovation. The most significant people risks associated with this strategy include inadequate compensation, inability to attract and retain talent and inadequate capabilities.

Inadequate Compensation – with global and Canadian competition for talent on the rise, the ability of MPI to attract and retain talent may be impaired by a highly competitive talent market and providing inadequate compensation compared to the market. This could result in an inability by MPI to achieve operational and strategic objectives and transformation plans. From a compensation perspective, to align with industry best practices, MPI will mature and evolve compensation practices and modernize its compensation philosophy. This includes, reviewing market data on a regular basis to ensure it remains competitive, recognizing top performers and providing rewards at various levels of development to support engagement, motivation and continuous salary growth.

Inability to attract and retain talent – the ability of MPI to attract and retain talent may be impaired by a highly competitive talent market and an increased

need for new, skilled and scarce talent required to support its transformation journey to MPI 2.0. This could result in MPI's inability to achieve operational and strategic objectives and transformation plans. To align with industry best practices, MPI will be maturing and evolving its talent attraction and retention practices, including maintaining a strong culture and reputation as an employer of choice, and ensuring a compelling employer brand is in place to support the attraction of top talent and continue to enhance corporate programming as it relates to wellness, Diversity, Equity & Inclusion, recognition, career pathing and development.

Inadequate Capability – The skillsets MPI needs to execute MPI 2.0 are evolving. In particular, skills associated with new technologies or innovation such as digitization, automation, the management of big data, and the adoption of cloud services are necessary now and into the future. The failure of MPI in building the needed people skills may lead to low productivity and limited ability to execute its plans, and/or may impair its ability to accomplish the delivery of MPI operational imperatives, and/or damage the reputation of MPI. To align with industry best practices, MPI supports leaders in cross training and succession planning efforts to promote knowledge transfer, offers robust education support programs to facilitate continuing education to address gaps, builds partnerships with post-secondary institutions to facilitate talent pipelines and explore joint certifications.

Inadequate Capacity – Commitments by MPI to deliver on operational imperatives and to execute plans for transformation, innovation, streamlining processes, and maturing core functions may impact capacity planning and the adequate recruitment of human resources. Lack of planning for capacity and recruitment will lead to low productivity and limited ability to execute MPI plans, and/or may impair its ability to accomplish the delivery of operational imperatives, and/or damage the reputation of MPI as an employer of choice.

- b) • Workforce Planning: The corporate annual workforce planning program is designed to proactively support operational leadership in identifying gaps impacting their workforce, focusing on capacity and capabilities. Tools such as capacity modelling, critical position analysis, and data dashboards are

components of the program, enabling leaders to make informed decisions on action planning, prioritization, and execution to address gaps. For the 2022/23 fiscal year, MPI focuses its actions on mitigation to address the top People Risks identified for the directorate / division. HR business partners provide guidance and consult throughout the annual cycle and leverage dashboards to track action progress and provide reporting. Currently, MPI conducts workforce planning (at the departmental level) with operational leadership and aligns to the fiscal year cycle.

- **Succession Management:** Talent mapping and succession planning at Executive and Senior Leadership Team occurs annually via facilitated workshops. Outcomes include identification of emergency successors, internal pipeline candidates, and focused career discussions with top talent. Starting this year, the formal programming will expand to include talent mapping and succession planning at the manager and supervisor levels. Identification and grooming of succession pipelines mitigate the impact and disruption when turnover occurs in critical roles and is a key component of retaining top talent through career conversations, targeted individual development plans, and key contributor recognition from senior leadership.
- **Learning and Development:** Learning throughout the organization is supported through the Education Assistance Program. Continuous learning opportunities are provided through a formal leadership development program and the MPI partnership with Skillsoft. Targeted learning and development support is provided to departments requiring additional assistance. Performance development is encouraged, ensuring people have regular performance appraisals. An updated and enhanced development planning tool has been provided this year to support individual development planning.
- **Recognition, Rewards, and Wellness:** A proactive approach to employee engagement is necessary to retain key people. This includes Employee Recognition Programs (monetary and non-monetary) that recognize and reward individual and team contributions and project milestones, service anniversaries, retirements, special events and programming and Employee

Wellness programs such as Personal Wellness Account, Manager-Once-Removed program, and Flexible Work Program.

- Talent Acquisition: Recruitment efforts are prioritized based on established criteria of role criticality and tracked from an enterprise perspective to ensure vacancies are filled in a coordinated, timely, and sequential order. The Talent Acquisition team continues to source talent with a focus on building external candidate pipelines.
- Contingent workforce: When gaps exist in the internal talent pool or to address short-term resourcing needs, the contingent workforce (consultants) may be considered to address immediate gaps to mitigate project delays.

c) Please see Figure 1 below:

Figure 1 Inclusion for Impairments

Line No.	As at March 31, 2022 Impaired Projects	2021/22 Deferred Costs Transferred to Expense	Expense Alloc Basic %	Basic Expense	Basic % Claims Exp	Basic Claims Expense
1	ISM					
2	2866 ISM - Cryptographic Services Enhancements	119,333.15	79.38%	94,726.65	55.83%	66,623.70
3						
4	ISM Total	119,333.15		94,726.65		66,623.70
5						
6	2868 CERP	1,376.23	92.53%	1,273.43	55.83%	768.35
7				-		
8	3027 HRMS Optimization Phase 1	143,054.76	79.38%	113,556.87	55.83%	79,867.47
9						
10	TOTAL 2021/22 IMPAIRMENT	263,764.14		209,556.95		147,259.52
11		TOTAL CORPORATE	TOTAL BASIC			
12	TOTAL 2018/19 IMPAIRED PROJECTS	3,025,725.50	2,685,575.58			
13	TOTAL 2019/20 IMPAIRED PROJECTS	1,840,653.40	1,500,868.78			
14	TOTAL 2020/21 IMPAIRED PROJECTS	929,636.86	777,599.14			
15	TOTAL 2021/22 IMPAIRED PROJECTS	263,764.14	209,556.95			
16	TOTAL IMPAIRED PROJECTS LTD	6,059,779.90	5,173,600.45			

Rationale for impairment – no impairments linked to people/capacity issues:

1. **ISM Cryptographic Services Enhancements [2866]:** Pre-development (RFP and requirement gathering) costs not eligible for capitalization were being deferred and now written off.
2. **CERP [2868]** – Project costs didn't reach the \$500K minimum required to qualify for deferral under the '*MPI Capitalization of Org Dev Costs*' policy and are thus expensed.
3. **HRMS Optimization Phase 1 [3027]:** Decision was made to not pursue original scope of the HRMS Optimization due to discovery that a technical enabler (upgrade) of certain suite components was required before proceeding. This pivot caused MPI to re-assess the longer term vision associated with our HR capability and current software suite, thus leading to the pause on the original scope and engaging in longer term visionary exercises. This new project will be captured under a separate project code/budget and we have expensed the original project costs.

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- d) New or leading-edge technologies may not be industry standard or have had sufficient time in market to prove their efficacy / stability. This may result in technologies that contain functional gaps and/or technical issues that would need to be addressed by employees/subject matter experts in a time where said resources are scarce and focused on other initiatives.