

**** This item was unanimously approved by the City Council 5-0****



City of Eastvale
AGENDA STAFF REPORT

City Council Meeting
June 26, 2019

Agenda Item No. 9.1
City Council Business

Why Valuing and Developing our Talent and People Matters for Eastvale

Contact(s) for Further Information

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RECOMMENDED ACTION(S)

Reaffirm that valuing and developing City of Eastvale's Talent and People is of critical importance to the success of the agency's effectiveness in serving the residents and businesses of Eastvale.

Reaffirm that valuing and developing City of Eastvale's Talent and People is of critical importance to the success of achieving the desired goals, objectives, priorities, actions and outcomes of the 2018 Strategic Plan.

Reaffirm that a status quo approach in government can be a big problem. Like any successful business, our Talent and People are our greatest asset as we are in a service-based industry. We are here to serve the residents, visitors and businesses of Eastvale. Our Talent and People must be regularly invested in and developed to continually enhance our services to Exceed Eastvale's Expectations Every Day.

Reaffirm that the Employee Recognition Committee, developed in 2017 and staffed by employees of Eastvale volunteering as an opportunity to further develop their leadership skills, is important to empowering, engaging, and recognizing our Talent and People's personal and professional achievements and accomplishments and creating a sense of connectedness and belonging to a cause and purpose greater than oneself.

Reaffirm that it is the City Council prerogative to ensure investments in valuing and developing City of Eastvale's Talent and People in line with the Strategic Plan and adopted budget. The City Council provides trust and autonomy, at the discretion of the City Manager and the management team, to identify meaningful ways to value and develop City of Eastvale's Talent and People in accordance with investments identified in the Strategic Plan and adopted budget and approve individual expenditures within the categories of the adopted budget.

[Return to Agenda](#)

Prior City Council Action

Adoption of the Strategic Plan on November 14, 2018, where City Council identified Organization Development as one of six key target areas that were identified through a collaboration between City Council, community members and city management team in a public workshop on August 24, 2018 with additional public engagement and council discussion at an agenda City Council meeting item on September 26, 2018.

Strategic Plan Action – Priority Level: 1A | Target #: 4 | Goal #: 1

Strengthen organization development and effectiveness

Fiscal Impact

Not Applicable.

Background

Governments, unfortunately often have a stereotype of being “burecratic”, having processes that are bigger than the end product, and settling for the “status quo” and “that is the way we have always done it” mantra. Governments are also not known for their “adaptability”, “flexibility”, “responsiveness” or ability to be “change agent leaders” to address known challenges and in turn capitalize on opportunities. Change can be scary, but you know what’s scarier? Allowing fear to stop you from growing, evolving, and progressing. Failure is not fatal, but failure to change might be. For Governments to remain competitive and become more relevant to the people and businesses they serve they must create a culture and environment where an adaptable, growth, trying, and learning attitude is the norm rather than the anomaly.

We know some of these stereotypes are perpetuated by culture and environment, yet many are by people, process, policy, programs and structure. The status quo approach is not acceptable as we always want to remain entrepreneurial and identify and implement ways to best serve our residents and businesses.

Government has the ability to address and enhance learning from some of the best research in organizational development and practices implemented by progressive and entrepreneurial private sector companies that are focused on their purpose, cause, talent development in addition to their mission, vision and values. There are some unique differences between a government public agency and private sector business, however the general principles of how we value and develop Talent and People are very similar. There is a new way of thinking that focuses on empowering and engaging people. Our Talent and People are our greatest asset in our business model focused on serving our residents and businesses. Like any successful business, the services must continue to be evaluated, updated, and improved to not only meet but also exceed Eastvale’s expectations everyday.

In many communities, poor public perception of public employees is at an all-time low because governments are afraid to invest in organizational development and change its workplace culture. This impacts both attraction and retention of talent. We are unique in Eastvale in that we are eight years young, so we don’t have centuries of processes that get in the way of progress or adapting to the ever-changing environment around us. Many governments have a deteriorating factory based on “management styles, policies and approaches” (workplace culture) and “old technology” (mindset) developed from the industrial era focused on efficiencies of producing widgets rather than solving problems and providing meaningful services and engagement of the people and businesses of the community to turn challenges into opportunities. We are now in the 21st century

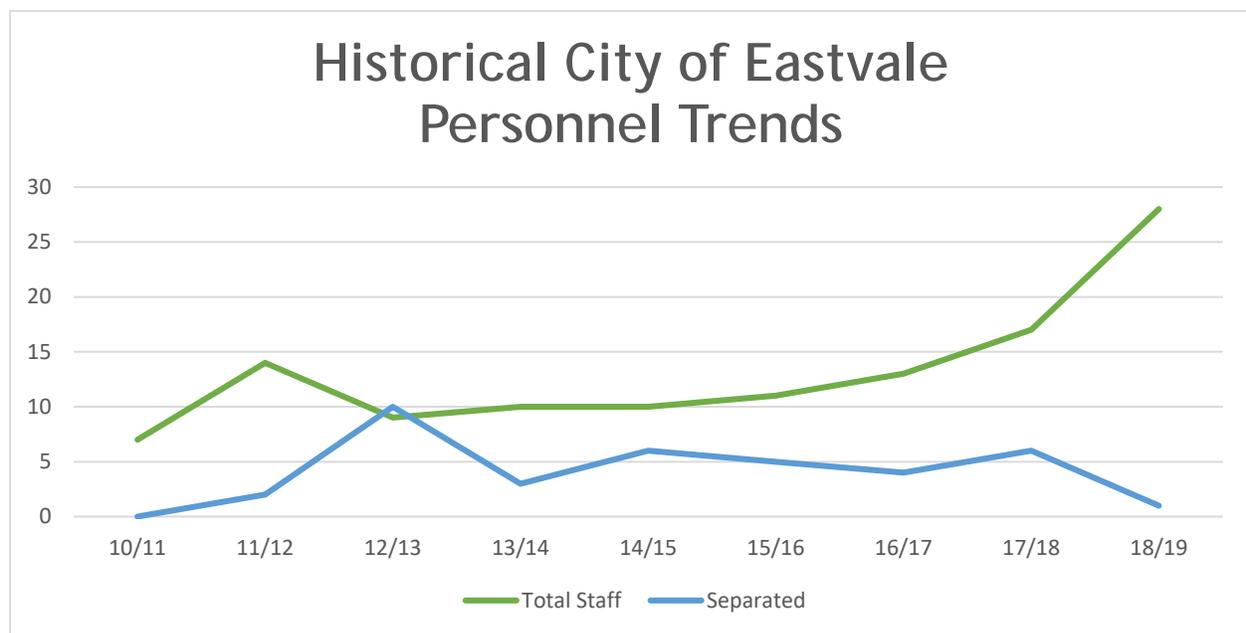
and as a result, 21st century cultures need to exist within our government agencies to be competitive and relevant.



Source: Old Thinking versus New Thinking, Hoboken411, December 2016

The Situation

Historically, since its inception in October 2010, the City of Eastvale has had significant “turn over” challenges. We are on our fifth City Manager in eight years. That is not stability in leadership and we have had numerous turnover of staff every year. It should be mentioned that not all turnover is bad, as not every employee is a good fit, and some leave for personal or professional opportunities, however chronic turn over can negatively impact reputation of an agency to attract and retain talent as we have experienced. This became a critical focus of the City Council in 2018 when they identified in the Strategic Plan Priority 1A - Strengthen Organization Development and Effectiveness.



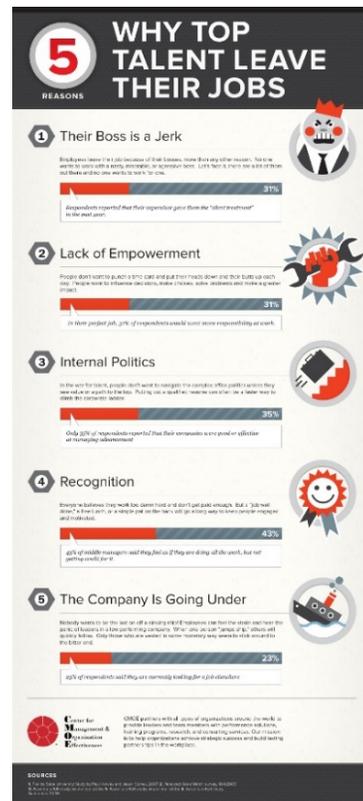
As can be seen in the graph above, turnover was as high as 10 positions/people (100% turn over) in one year and averaged 5-6 positions between Fiscal Year 13/14 and 17/18. We recognize that

the State of California took away the City’s Vehicle License Fees, for a period of time, and that had an impact on revenue, investments in valuing, attraction, retention and development of Talent and People, and the organization’s effectiveness and we have now moved past that timeframe. We also need to move past the “culture” and practices that it created that resulted in chronic of turnover, we had a lot of missed opportunities during. Our Talent Attraction and Development team, reviewed past exit interviews for turnover and also had informal conversations with current employees about what is important to them and how we could improve as a work culture and environment. Below are graphics that demonstrate some of the top reasons why people quit or talent leave their jobs. The number one reason for most turnover is a supervisor or manager. Many of the reasons identified below were historically evident within the organization and needed to be addressed. We have been working consciously and diligently to address these historical shortcomings.

Reasons staff quit

-  Poor management through poor communication
-  Bullying, discrimination and harassment
-  Lack of career opportunities
-  Personality issue
-  Small or non-existent pay rises
-  Poor work/life balance
-  New career opportunities elsewhere
-  Better pay or benefits on offer
-  Personal or family circumstances

Source: 9 Common reasons your staff are quitting and 10 strategies to get them to stay, Business Insights, May 2018



Source: 5 Reasons Top Talent Leave Their Jobs, Jill Harness

The True Cost of Turn Over

It should be noted that many studies have been done to show the financial cost or expense of turnover on an agency. This expense can be 6-9 months of salary for the position from recruiting, onboarding, training, and developing relationships and connections to be effective. For the City of Eastvale, this historically represented hundreds of thousands of dollars of expenses each year that did not show up in or were specifically called out in budgets respective to turn over. This does not also include the soft cost expenses to losing talent and the impact on morale, workload, and burn out of peers to name a few from not being staffed appropriately for the workload at hand. It is critical to differentiate between the words ‘expenses & costs’ and ‘investments & valuing’. Investments and valuing can bring about a return on that investment and valuing.

The Solution

We also recognize the wise words of Albert Einstein in that “we cannot solve our problems with the same thinking we used when we created them”. C.S. Lewis also shared “you can’t go back and change the beginning but you can start where you are and change the ending”. Therefore, we had

to create and develop a new skillset, approach, attitude and mindset to achieve strengthening organization development and effectiveness.

The best time to plant a tree was twenty years ago so that you can enjoy the shade today. The second-best time to plant a tree is today, so that someone else can enjoy the shade in the future. We can no longer kick the can down the road regarding “turn over” as it is expensive and negatively impacts performance and services and we can address it cost effectively by focusing on, valuing, appreciating, investing and developing our Talent and People. It is our opportunity and desire to build the tomorrow we want, today.

In 2017, we created an Employee Recognition Committee and established a budget to strengthen and highlight our team, boost morale and improve employee engagement and retention. Employees were tasked with researching and developing ideas and methods towards fulfilling the overall mission in the most fair, positive, encouraging and equitable manner. The committee surveyed the staff and as a result determined that the following would be implemented: First employee retreat, formal/informal recognition, employee of the year and quarter and monthly birthday celebrations.

In July 2018, we first invested in creating a management team to provide a better structure and to allow people to have more direct and timely access to a direct supervisor so that our Talent and People could be better developed and helped moved in the direction of their potential. We also focused on building our management and leadership capacity of our management team through ongoing coaching with HR Dynamics and Performance Management, so that the management team in turn could invest, grow and develop their respective teams. We truly believe that leadership is not about being the best, leadership is about making everyone else better and helping them move in the direction of their potential. Rising water raises all ships, so we had to focus on filling up our buckets of water. This is an analogy from the book “How Full is your Bucket”.

In 2018, we (management team and employee recognition committee) made two trips to meet with and learn from Grant Yee, the then Finance Director for the City of Ontario and his team that after several years of culture change had experienced 25 times increase in unsolicited feedback from Ontario residents/business owners and the positive approval rating of city’s customer experience increased from 45% to 97%. Many comments said it was the best service experience of any city. In addition, their voluntary turnover in the department of 55 people was very low. They had only two (due to career change and new baby) over 6 years and with no employee grievances. What we learned is that the small investment in the culture change reduced cost and helped the staff maintain its focus on the City’s vision. Also, the department’s employee engagement score was the highest throughout the City. This was something we at the City of Eastvale definitely wanted to bring to our team as the employees in the Ontario Finance Department were happy, empowered and engaged in their respective roles, with their team and the community.

In July 2018, we also had our annual employee retreat. Our guest speaker was Jean Steel who authored the book “Happy People Win” and does team talks and trainings throughout the World and identified ‘happiness’ is the precursor to success, not the result. She shared that we can prime our brains to focus on positivity or negativity and what we focus on we get more of and that we should look for the positives because every day may not be good, but there is something good in every day. Jean also identified there are different types of Work-Centered Change; Strategic Change (change mission or strategy of how you do business), Structural Change (change structure, creating teams, adding teammates or downsizing), Process- Oriented Change (new technology, new procedures), and People Centered Change (change in leadership). At the time, we were going through all of these work-centered changes so we learned how to embrace the new normal of

“change”. However, we just didn’t want change to happen to us, we wanted to be intentionally acknowledge the change.

HAPPY PEOPLE	UNHAPPY PEOPLE
Live in the moment	Live in the past
Forgive	Hold grudges
Open to new ideas	Closed minded
Compliment others	Criticize others
Look within	Blame others
Encourage change	Fight change
Appreciate loved ones	Take for granted
Set goals	Stays stagnant
Communicate	Disregard others

Source: Happy People, David Zulberg, March 2016

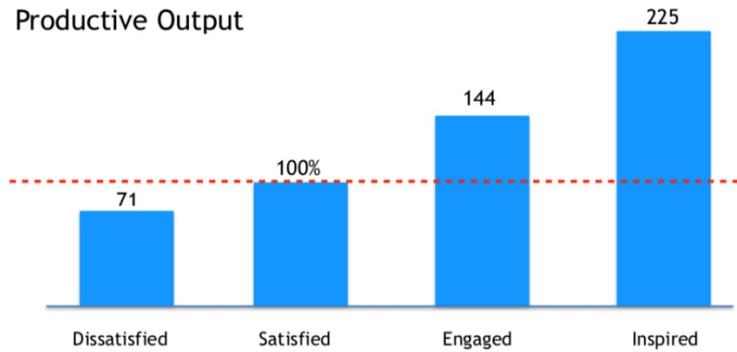
In August 2018, we wanted to get crystal clear on our strategy, so we embarked on a bodacious endeavor of a Strategic Plan/Council Priorities. Each council member and member of the management team were individually interviewed and all staff had the opportunity to contribute their ideas. We utilized all this data on August 24, 2018 to have an approximately 7-hour workshop open to the public to have open dialogues and discussion between the City Council, management team and community. As a result, the six target areas were identified and fourteen priority goals were determined. Followed by another public hearing in September, the City Council adopted the City of Eastvale Strategic Plan on November 14,2018.

Out of the Strategic Plan the City Council identified Organization Development as a Target Area and Strengthen Organization Development and Effectiveness as a Priority 1A Goal. City Council knew that if we didn’t address the strengthen and effectiveness of the organization through development that “culture would eat strategy for breakfast every day.” Workplace culture is about the Talent and People.

We know talented employees stay because they are: paid well, appreciated, valued, have a purpose/cause, empowered, engaged, listened to, promoted, involved in decisions, mentored, challenged, and trusted.

We know engaged, empowered and valued employees are focused on serving others and our customers, influence and inspire growth, create opportunities for future revenues and profitability, and provide efficiencies, effectiveness, and innovation in their roles on the team. In fact, inspired employees are three times more productive than dissatisfied employees and two times more productive than satisfied employees. As leaders there are four “i’s” for how we can lead our teams. We can instruct, inform, influence, and inspire. With today’s workforce, inspiring employees and teammates has the greatest return on value.

Inspired Employees Are the Most Productive



Source Bain & Company and
EIU Research, 2015

There are 3 C's in Life: Choices, Chances, Changes. You must make a choice to take a chance or your results will never change. And to help people make that choice and take that chance we needed to create a safe, learning, growing, and trying environment. This is part of Strengthen Organization Development and Effectiveness. Trying and making a mistake is not failure. Not trying is failure. So, we have become a “doing” and “being” culture focused on performance and service through attracting and developing the right people and making sure the processes are in alignment with the Strategic Plan, adopted budget, and desired results. It won't always be perfect, but perfection is the enemy of progress and the last thing we want is an organization that has too much ‘analysis through paralysis’ and can't make decisions for fear of making a mistake.



Source: Get Out of Your Comfort Zone, Skyrocket Success, 2019

Below is a “draft”/work in progress of Eastvale’s Five Star People Centric comprehensive model to achieve Strengthen Organization Development and Effectiveness focused on 5P’s and 5C’s that need to be in balance with each other to achieve the perfect star and hexagon shapes. The Five Star comprehensive model was developed by the management team through a lot of discovery, learning, conversations, trial and error and is specific for the City of Eastvale and the growth zone mindset we are trying to create with our purposeful culture and environment after reviewing the

work of Maslow’s Law of Hierarchy of Human needs with Self Actualization, self-esteem, love, safety, survival, Jim Collins “Good to Great”, Simon Sinek’s “Start with Why”, Jacob Green’s “See Change Clearly, Jean Steel’s “Happy People Win”, Strength Development Inventory, Crucial Conversation Training, and Jay Galbraith’s work of the Star Model with the five points being Strategy (direction), Structure (power), Processes (information), Reward (motivation), and last but not least People (skillsets/mindsets). The management team is still evaluating if these are the right 5P’s and 5C’s for the City of Eastvale at this time to allow us to maximize our effectiveness as a team.

As a result of this comprehensive model, it demonstrates that we as an organization and community cannot narrowly focus on any one corner point or connection of the star or hexagon but truly have to evaluate it all as a living organism. If you push or pull too much on one point or don’t focus on another point you will deform the star and negatively impact the strength and effectiveness of the organization. It is really easy to attack or be critical of a component or a detail of the model but the overall model is in alignment with our Strategic Plan and a career employment place where abundant opportunities exist and where we are focused on creating a place for people to connect and prosper. We would love for everyone in the community to positively connect with us as we want to hear your vision, ideas and stories for how we can collaborate to best serve the residents and businesses of Eastvale.



Source: Eastvale Management Team, 2019

A byproduct of strengthening the organization and effectiveness is that we have been able to accomplish more of our goals in the strategic plan and as a result serve our residents and businesses in new and better ways. However, by taking action and enacting change, there is usually an equal and opposite criticism. Action and change creates friction. A critical quality of effective leadership that we are developing within the organization is developing a thick skin and keep focused on the vision of the strategic plan. In addition to passion, persistence and persuasiveness, change agent leaders have the courage and confidence to withstand criticism. The misinformation will feel unfair, but we stay above it, trusting that other people will eventually see the truth and the successful achievements of the Strategic Plan priorities, just like we do. There is a saying “what is right is not always popular or easy, and what is popular or easy is not always right; knowing the difference is leadership”. We have to be focused on the long-term vision and incrementally making progress to elevate Eastvale.

It is important for us to remember as an organization and community that open dialogue is important, especially open dialogue that is focused on the issues rather than speculations. We acknowledge that the right of residents and businesses to question and engage governmental operations and hold public officials accountable is a fundamental component of democracy and we want active and engaged residents and businesses. We also know that we do not have to agree on everything to be kind to one another as we engage and discuss issues or differences of opinion or beliefs. “In a World where you can be anything, be kind.” This is a quote that adorns our walls at City Hall as a reminder to always seek to understand, before being understood. It is really easy to be critical or judge someone or something, it takes a bigger person to collaboratively communicate and be part of the solution. When we positively and collaboratively communicate among elected official, community members, and city hall teammates, focused on the issue of making Eastvale the best city for its people, visitors and businesses, we create creative opportunities and a learning, growing, and trying environment that can best serve the needs and desires of residents, visitors, and businesses.

As Stephen Covey eloquently stated, “Trust is the glue of life. It’s the most essential ingredient in effective communication. It’s the foundation principle that holds all relationships.” So, we at the City of Eastvale start from a place of trust with everything we do and take exception to any forces that try to erode our credibility and trust to value and develop our Talent and People so that they can be empowered and engaged to instill that credibility and trust as they serve our residents and community. We strive to exceed Eastvale’s expectations everyday. We are open and transparent, and we welcome everyone to come to City Hall and meet with us or invite us to your events.

Lastly, we also know that a person who feels appreciated, valued and inspired will always do more than is expected. We want to make sure our teammates at Eastvale always feel appreciated so that they can Exceed Eastvale’s Expectations Every Day. It is important to remember that some days we will WIN, some days we will LEARN, yet we will also give and try our best to exceed Eastvale’s expectations. If today we are not exceeding your expectations, it is a learning moment for us so that we can WIN tomorrow. We invite you to engage us on City issues so that we can learn how to win at exceeding your expectations.

scarcity thinking

“There will never be enough”

Competes to stay on top
 Hoardes things from others
 Won't share knowledge
 Won't offer help to others
 Suspicious of others
 Resents competition
 Afraid of being replaced
 Believes times are tough
 Believes the pie is shrinking
 Thinks small and avoids risk
 Fears change

abundance thinking

“There will always be more”

Collaborates to stay on top
Generous with others
Shares knowledge
Freely offers help to others
Trusts and builds rapport
Welcomes competition
Strives to grow
Believes the best is yet to come
Believes the pie is growing
Thinks big and embraces risk
Takes ownership of change

Source: The Importance of Embracing Abundance, Aaron Endre, April 2014

Attachment(s)

1. Talent 2.0 – A Modern Approach to Attracting & Retaining Top Talent in Local Government – Cal ICMA
2. Leading the Social Enterprise: Reinvent with a Human Focus – Deloitte Insights

TALENT 2.0

*A Modern Approach to Attracting & Retaining
Top Talent in Local Government*

Spring 2018 Report

Cal-ICMA
California Consortium
A State Affiliate of **ICMA**
Talent Initiative



CONTENTS

EXECUTIVE SUMMARY	i
INTRODUCTION	1
Boomer Impacts	2
Game Changes	2
Organizational Culture	3
ATTRACTING & RECRUITING TALENT	4
Challenges to Replenishing Talent	5
<i>Retirements</i>	5
<i>Candidates</i>	6
<i>Compensation</i>	7
<i>Bureaucracy</i>	8
<i>Mismatch</i>	9
RETAINING & DEVELOPING TALENT	11
The Case for Retention	12
Employee Retention & Development Strategies	12
<i>Balance</i>	13
<i>Incentives</i>	14
<i>Culture</i>	15
<i>Managers</i>	17
<i>Onboarding</i>	19
<i>Skills</i>	20
<i>Assessment</i>	21
ENGAGING LOCAL OFFICIALS	23
TAKING ACTION	26
Ten Ideas to Implement Today	27
A Call to Action	27
APPENDIX	28
Appendix A // Glossary: Acronyms	29
Appendix B // Summary of Survey Results	30
Appendix C // Survey Data	34
Appendix D // Focus Groups	52

CAL-ICMA TALENT INITIATIVE

Cities, towns, counties, and special districts across the state are experiencing persistent challenges attracting and retaining qualified employees. These concerns led to the creation of the Cal-ICMA Talent Initiative.

The Talent Initiative launched with the goal to engage chief executives, human resources professionals, and emerging leaders in a conversation about effective local government talent strategies.

We began with three questions:

- What are the kinds of talent challenges that confront cities, counties, and special districts in California?
- What obstacles hinder our efforts to address talent challenges?
- What are the best practices from public and private sectors, culture-building strategies, and other resources we can use to better attract, retain, and grow talent?

This report presents the results of the outreach and research conducted by the Talent Initiative Team and provides a resource for local government leaders seeking to improve how they attract and retain and develop future talent.

ACKNOWLEDGMENTS

Completion of this undertaking could not have been possible without the participation and assistance of so many people whose names may not all be enumerated. Their contributions are sincerely appreciated and gratefully acknowledged. However, the group would like to express their deep appreciation particularly to the following:

Anil Comelo, Santa Clara Valley Water District
Ashley Garcia, City of Costa Mesa
Brian Haworth, City of Temple City
Bryan Whitemyer, City of Oakdale
Dan Rich, City of Mountain View
Daniel Singer, Management Partners
Don Maruska, ICMA Coaching Program
Donna Vaillancourt, County of San Mateo
Erin Steffen, City of Berkeley
Kevin Duggan, ICMA
Lori Sassoon, City of Rancho Cucamonga
Michael Bruckner, City of Arcadia
Miranda Lutzow, City of Waterford
Nancy Hetrick, Management Partners
Peter Castro, City of Indian Wells
Rob Houston, City of Fountain Valley
Rita Ossolinski, ICMA

Thank you.

Dominic Lazzaretto, City of Arcadia
Nat Rojanasathira, Town of Danville
Frank Benest, ICMA

EXECUTIVE SUMMARY

Purpose

The purpose of the Cal-ICMA Talent Initiative is to help managers in local government focus on the business imperative of attracting, retaining, and growing talent.

Assessment Activities

To assess the talent challenges facing local governments in California, the Cal-ICMA Talent Initiative Team reviewed current talent management literature, administered a survey of 372 senior managers, conducted interviews with private and non-profit sector thought leaders, and facilitated 11 focus groups throughout California involving 272 local government managers.

Key Findings About The Talent Challenge

Local governments have not adequately prepared for the baby-boomer retirement wave and are struggling to fill the void; yet there is reason for hope. Local governments possess a potential advantage in attracting and retaining today's talent. This is because today's work force seeks meaning in their work and wants to make a difference. At its core, the purpose of local government is to serve communities and provide for a high quality of life for residents. Careers in local government are an opportunity to contribute to building communities – what better way to have impact?

Local governments can no longer rely on “stealing” talent from other agencies; more than ever, public agencies need to grow their own talent. Employees who are learning and growing are more likely to stay with an organization. Talent development must be integral to every manager's core duties. Successfully attracting and retaining talent requires a positive organizational culture. A traditionally bureaucratic governmental culture inhibits innovation, discourages experimentation, and turns away the best talent. Retooling organizational cultures to better attract and retain early-career talent will enhance organizations for all employees and positively affect performance and productivity.

Challenges in Attracting, Retaining and Growing Talent

Managers who participated in the 11 focus groups identified an array of challenges that need to be addressed. They also expressed the need to engage elected officials in a conversation about the issues. A few of the key challenges they identified include:

Attraction/Recruitment

- Agencies are experiencing a large number of vacancies in key positions, and there are fewer seasoned department heads and other senior managers to recruit from other local government agencies.
- Internal candidates frequently lack sufficient management experience and leadership (“soft”) skills.
- The hiring process in local governments can be lengthy and includes factors that make it less competitive with other sectors, including testing requirements and minimum qualifications that can disqualify untraditional candidates.
- Job specifications and operating practices (e.g., job duties, work schedules) in local government organizations can be inflexible.
- Agencies do not allocate sufficient resources to market or brand their organizations.

Retention & Development

- Local governments have not made training and professional development a priority.
- Long commutes, high-cost housing, and lack of child care all work against retention.
- Traditional or even “stodgy” organization cultures are not inspiring for early-career professionals.
- The deep recession and restructuring of organizations have resulted in the elimination of mid-manager and other “step-up” positions.

- Political in-fighting and uncivil discourse discourage talented professionals from entering or staying in the public sector.
- Mid-career professionals are reluctant to pursue higher-level positions when there are adversarial politics and impacts on work-life balance.

Themes from Thought Leaders

The Talent Initiative Team conducted four interviews with recognized “Thought Leaders” from the technology and non-profit sectors in order to enhance our understanding of how to better compete for talent. Themes included:

1. Early-career professionals want to have a role in addressing social problems; they want to have an impact.
2. These professionals lack an understanding that local governments are in the business of solving community problems; the profession must do a better job of branding this message and adapting organizational culture to engage enterprising millennials.
3. Talent initiatives need the active encouragement and support of senior leadership.
4. Local governments must tell their story, especially regarding the opportunity to serve and make a difference.

Findings & Recommendations

The Talent Initiative report identifies a variety of actions, both large and small, that local governments can make to increase their chances for successfully attracting, retaining, and growing talent.

A fundamental recommendation of this effort is to **ensure that every manager understands that the professional development of their employees is a primary job duty and that all employees take responsibility to grow and develop in their work.** If both leaders and employees embrace their roles, all other recommendations can follow.

Assistance from Professional Organizations

Professional organizations play an important role in championing local government as a noble, rewarding, engaging, and thriving job sector. Therefore, regional and professional organizations should be enlisted to assist advancing the Talent Initiative by:

- Developing sample branding materials including enticing job announcements that all government agencies can customize and use in their efforts to attract talent (Cal-ICMA with ILG)
- Hosting educational sessions that highlight the importance of attracting, retaining, engaging, and developing talent and address the challenges identified through the Talent Initiative (Cal- ICMA, LCC, MMANC/SC, CSAC, and others)
- Promoting shared service models for delivering training and development programs on a regional basis (CPAAC)
- Expanding ICMA student chapters and outreach efforts to universities to engage early-career professionals (MMANC/SC)
- Focusing on leadership development (with emphasis on “soft skills”) for mid-managers and aspiring leaders (Cal- ICMA, MMANC/SC, ELGL)
- Conducting “Future County Department Heads” and “Future City Manager” seminars (CACE, CSAC Institute, Cal-ICMA)
- Drafting model language for employment agreements to provide greater flexibility addressing staffing challenges (CALPELRA)

Key Recommendations

Attracting Talent

- Eliminate minimum qualifications for entry-level positions
- Update job postings to focus on meaning, values, learning, skills development, and organizational culture
- Hire for potential and learning agility vs. technical skills and knowledge

- Expand recruitment reach by using social media sites and new technologies
- Offer internships or fellowships to students, independently or through the ICMA Local Government Management Fellowship Program

Retaining and Developing Talent

- Assess the leadership pipeline and develop home-grown talent
- Provide staff with training and professional development opportunities annually, develop specific learning outcomes
- Offer mentoring and coaching to aspiring professional
- Utilize multi-departmental and cross-functional project action teams
- Use interim or acting assignments or provide job rotation opportunities to fill roles or “try out” staff
- Ensure that all supervisors are accountable for the development of their staff and follow up regularly

Retooling Organizational Culture

- Use on-boarding activities with new employees to engage them with top management and discuss organizational values and “What we care about”
- Incorporate more flexibility in scheduling, holiday closures, and other ways to do our work
- Create opportunities for face-to-face interactions with top management
- Create a “culture of appreciation” and recognition
- Promote more autonomy for employees and provide opportunities to work on the whole project

- Increase employee engagement, including active listening, engaging them in problem-solving, and promoting a sense of community and belonging
- Promote a practice of ongoing performance conversations with employees (not just annual performance evaluations)

Encouraging Employee Initiative

- Promote growth and development as a core element of each employee’s job responsibilities
- Encourage employees to identify their career development goals and support their ability to achieve them
- Invite each employee to include desired professional development plans in their regular reviews with a supervisor

Follow-Up Action Steps

The Cal-ICMA Talent Initiative Team seeks to advance the recommendations contained in this report by:

- Updating the Cal-ICMA website to include tools, a knowledge-sharing database, and other resources for organizations to use in implementing the Talent Initiative locally.
- Continuing to solicit exemplary programs and examples of best practices that can be shared via the Cal-ICMA website.
- Learning from the private sector and adapting and communicating relevant practices.
- Engaging professional associations in discussions about their roles and contribution in implementing these recommendations; developing an implementation plan.
- Creating a “Great Places” program to showcase talent management efforts and acknowledge organizations that are implementing the best practices contained in this report.

Further Information

For further information about the Cal-ICMA Talent Initiative visit

<https://icma.org/cal-icma/talentinitiative>

or contact:

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INTRODUCTION

To remain viable and effective into the future, local governments must implement new ways to address the challenge to attract, retain, and grow employees.

The competition for talent in California is fierce. Times are changing and more than ever before, today's workforce is willing to move between agencies—and sectors—to find workplaces that are engaging and will help them meet their personal goals. If we don't reconsider our collective appeal and change our practices our staffing challenges will persist.

The Cal-ICMA Talent Initiative was created to help chief executives, human resources officers, and emerging local government leaders focus on the business imperative of attracting, retaining, and growing talent. As such, we engaged leaders in the following conversations:

- What are the talent challenges that confront cities, counties, and special districts in California?
- What obstacles hinder efforts to address talent challenges?
- What best practices can be used to better attract, retain, and grow talent?

Over the past two years, the Cal-ICMA Talent Initiative Team solicited feedback about the persistent talent-related challenges in local government. Nearly 400 surveys were completed by chief executives, human resources directors, middle managers, and emerging leaders. Additionally, 11 focus group meetings totaling 272 individuals were held throughout the state—from San Diego County and the Coachella Valley to the Central Coast, Bay Area and the Capitol Region. The team also conducted interviews with thought leaders from the private sector.

A number of themes emerged. First and foremost, was the recognition that local governments have not done enough to build an adequate talent pipeline to address the staffing needs of today and the future.

Boomer Impacts

The baby boomer generation—those born between 1946 and 1964—responded in great numbers to President John F. Kennedy's call for service: "Ask not what your country can do for you, ask what you can do for your country." Today, baby

boomers comprise a large share of the public workforce—especially in senior management—and as their retirement wave hits, there are significant implications for local government.

As baby boomers retire in the next decade, Talent Initiative findings revealed a critical concern: the readiness of those behind them. Over the past few decades, local governments have trended toward flatter organizations. This trend peaked during recent recessionary times as additional mid-manager positions were cut. In addition, training budgets were reduced or eliminated. Now, as boomers are vacating key leadership roles many agencies face the reality that their leadership pipeline is insufficient.

The next generation of leaders will emerge; however for many organizations it will be rough road to get there. Agencies will encounter challenges that demand fresh thinking and an imperative to embrace "talent development" as an established tenet of its organizational philosophy. Importantly, for this transition to be successful, employers must learn and understand the motivations of their future leaders.

Game Changers

Increasingly, local governments are filling open positions with the next generation of employees. This new generation has a set of priorities and professional values that are different from those who came before them.

Research has shown that at a macro level employees of each generation seek different meaning and purpose in their work. For example, baby boomers are described as work-centric and define themselves by their professional accomplishments. Millennials (born between 1980 and 1997) do not define themselves simply by their profession. They seek meaning in the work they do and value having a life-work balance.

In his book, *Drive!*, author Daniel Pink declared, "Meaning is the new money." While previous generations were satisfied with process-based work that offered consistency and reliability, today's workforce wants to be creative, collaborative, and inspired by what they are doing.

Clear organizational goals, translated into the day-to-day work experience, are one of the strongest motivators of younger professionals. The ability to provide rewarding, tangible, service-focused work at the local level can be a competitive advantage for attracting and retaining talent. Local government must capitalize on this advantage.

The question remains whether the new workforce recognizes government as a force for good and a means to translate their passion into making a difference at the ground level.

Leading professional associations play a role in championing local government as a noble, rewarding, and engaging job sector. Specifically, the Talent Initiative concluded that our collective success hinges on our ability to articulate what local government can offer prospective employees and how those advantages are communicated. This is referred to as the “Employee Value Proposition.” The workforce of tomorrow is multi-generational and highly diverse. The most successful organizations will be those that best understand this fact.

Organizational Culture

Another key finding the Talent Initiative is the importance of organizational culture and its implications on employee retention. According to a June 2017 Gallup poll, six in 10 millennials are looking for new employment opportunities. Leadership practices affect how employees feel about their organization and how long they choose to stay. For many of today’s employees retention is linked to learning, challenge, and engagement. When employees work in an environment that helps them thrive and grow, they are more likely to stay.

In light of this, organizations must let go of their concern that developing employees will simply result in losing them to another agency (“We don’t want to be a training ground for other organizations”). Retention strategies must extend beyond compensation and incentive packages. To be successful, they must include fostering a work environment that engages employees in continuous learning and instills a sense of purpose.

Agencies can no longer rely on the practice of “stealing” employees from each other. More than ever, public agencies are competing for talent—and to be successful, they need to re-brand and reposition themselves as learning organizations that foster innovation, engagement, and personal satisfaction.



ATTRACTING & RECRUITING TALENT

Without the right employees, no organization can achieve its mission. Gone are the days where local governments can be passive in their recruitment efforts. To be successful, agencies must accept that they are in competition for the best talent.

The only exposure to the inner-workings of local government for most Americans is the City of Pawnee, Indiana, the fictitious community featured in NBC's hit sitcom, *Parks and Recreation*. For many, local government work remains a mystery. This suggests a great opportunity to tell the story of how local government services are fundamental to the daily lives and activities of all Americans. Research has shown that across industries a whopping 50% of employees lack a sense of meaning and purpose at work. A career in local government offers a strong community-oriented mission and focus on public service. This should create a competitive advantage for attracting talent.

An important hurdle to overcome is the distrust of government held by many. A 2017 survey from the Pew Research Center reported an overall level of trust in government at near historic lows: only 20% say they trust the government to do what's right always or most of the time; 68% say they trust the government only part of the time; and 11% state that they never trust the government to do what's right. Local governments are viewed in a more positive light than other levels of government; however, to combat this general perspective, local governments must work to build trust and promote the profession as a mission and service-oriented field.

Today's workforce has the power to affect positive change in attitude toward local government. They are asking the following questions:

- Are there big problems to solve in local government?
- Am I interested in solving these big problems?
- Will I be empowered to help solve the big problems?

Leaders must listen, respond, and engage the workforce to demonstrate that employees are empowered to solve community problems. In addition, agencies must modernize and build an adaptable public sector that is prepared to address 21st-century challenges.

Challenges to Replenishing Talent

The Center for State and Local Government Excellence reported in 2017 that the recruitment and retention of qualified public sector employees tops the list of workforce challenges. This finding was echoed by a 2012 study by the Society for Human Resource Management forecasting that by 2022, talent development will be the highest priority for human resource functions.

“Leaders must listen, respond, and engage the workforce to demonstrate that employees are empowered to solve community problems.”

Human resource officers are signaling a looming workforce crisis. And findings of the Talent Initiative offer the top five reasons for this phenomenon. These are listed below and explored in the following sections:

- Retirement
- Candidates
- Compensation
- Bureaucracy
- Mismatch

RETIREMENTS

The baby-boomer “retirement wave” is here. In April 2017, the City of Los Angeles reported that over 40% of its 45,000 employees would be eligible for retirement by 2018. This trend reflects a larger issue for employers across sectors, as over a quarter-million U.S. employees reach 65 years of age each month. As governments generally tend to have a larger share of these employees than the private sector, the impact is even greater on us.

Talent Initiative participants reported large numbers of vacancies in key positions, compounded by fewer seasoned department heads and other senior managers to recruit from other local government agencies. In many cases, this has resulted in the loss of valuable institutional knowledge, the disruption and short-staffing of departments, and lengthy and costly (replacement) recruitment processes.

Recommendations

- 1.1 Use retirees.** Taking a cue from the federal government, consider a phased retirement plan that allows employees the opportunity to work part-time after reaching a certain age. As part of the arrangement, require that a portion of the employee's time be spent mentoring their replacement. Alternately, recruit retired workers—on a temporary basis—to help fill a knowledge gap as they train younger workers to take on legacy assignments.
- 1.2 Succession plan.** Make succession planning a priority and an ongoing business practice. This can be done in a number of ways—for example, through confidential discussions between employees and managers about retirement plans and a plan to transfer knowledge in anticipation of a critical, soon-to-be-vacate position. Succession planning can be good for morale; investing in workforce development and promoting from within encourages staff to take on new responsibilities and sends the message that they are valued.
- 1.3 Anticipate needs.** Monitor external factors that could affect your organization's ability to recruit employees—for example, economic drivers and the size of college graduating classes. Local governments should also look inside their organizations to see who will be retiring, who's likely to move on, and what talent is available to fill anticipated vacancies over the next three to five years. Additionally, agencies must invest in training for its employees to meet changing industry needs and implement best practices.

CANDIDATES

A common theme revealed by city managers in the focus groups is that internal candidates are often not ready to move into management roles where they are experiencing high rates of turnover. Promoting or hiring inexperienced managers is considered risky, as these candidates—although having the technical skills—may lack management or leadership skills.

The pool is even smaller for positions that require both strong technical skills and management experience. In addition, fewer candidates have the necessary certifications to take on new roles (i.e., engineers, water treatment plant operators, and agricultural commissioners), and others lack the comprehensive training legally required for public safety officers, and health and social service workers.

Local governments have been slow to emerge from the Great Recession. According to a June 2016 *Governing* article, “State and local governments have 500,000 fewer employees than they did in 2008 due to layoffs, hiring freezes, and a growing number of eligible employees choosing to retire.” With fewer workers in the pipeline, local governments may simply not have enough people available in their organizations for promotions.

Recommendations

- 2.1 Open up recruitments.** Local governments must revise their job descriptions and minimum qualifications in order to attract a broad pool of candidates. In fact, qualified private sector candidates are often weeded out of the recruitment process. Local governments should also market and advertise positions differently—e.g., selling the values of public sector work and posting job announcements using private sector techniques and platforms (i.e., LinkedIn, Glassdoor, Indeed, industry-specific websites, etc.).
- 2.2 Promote government.** Local governments need to better tell a story about the value and nobility of public service. This requires a concerted effort from professional

organizations (e.g., ICMA and MMANC/SC) and cities banding together. It also requires proactive approaches that outreach to high schools and universities to promote the values of public service careers. Initiatives worth exploring: ICMA’s “Life, Well Run” campaign, the City of Sacramento’s “Summer at City Hall” program, and ILG’s “Engaging Youth” project.

- 2.3 Hire for potential.** Hiring for potential rather than just hiring for experience—especially for entry-level positions—can pay huge dividends in building long-term talent. Candidate attributes like curiosity, determination, and the ability to “Learn on the fly” can yield new organizational perspectives, a culture unafraid of new challenges, and an insightful talent pipeline. The bonus: employees often feel loyal to organizations that “gave them their shot,” which can lead to greater retention.
- 2.4 Grow talent.** To attract the next generation of talent, local governments must become learning organizations. In doing so, they must invest in internship programs (like the ICMA Local Government Fellowship Program) that attract talent and provide challenging assignments. These opportunities help agencies identify future talent and fill work gaps, while also availing interns with relevant experience for entry-level positions. Additionally, interns can provide insight to emerging workforce drivers, and serve as a brand ambassador to recruit other interns—and a future workforce.
- 2.5 Be flexible.** While the civil service provides structure and process for personnel management, for many organizations it is often many decades old. This means that the rules and protocols can be disconnected with today’s market realities and employee needs. Left as is, outdated civil service rules will put local governments into an even more serious labor crisis.

COMPENSATION

A longstanding benefit of the public sector has been its stable pension and retirement system. This has been a key component of an agency’s employee recruitment strategy. However, with the 2012 passage of the California Public Employees’ Pension Reform Act (PEPRA), adjusted pension tiers and lower benefits for new hires may no longer offer a competitive edge for local governments.

Geographic challenges also exist. Local governments in rural areas cannot offer salaries competitive to more urban areas. Housing in urban areas is costly and there is a shortage of affordable childcare options, resulting in employees commuting long distances from areas with lower costs of living. Another complexity to this reality: dual-income households must weigh the mutual benefits of relocation, both financially and based on family needs.

Finally, the private sector offers high compensation packages—including bonuses—for in-demand technical positions like health care workers, doctors, engineers, and IT and healthcare professionals. Adding to this is the perception of challenging projects, career progression opportunities, support systems, and flexible work schedules—in contrast to a perception that the public sector is rigid, dull, and lacking opportunities for personal and professional growth.

Recommendations

- 3.1 Consider options.** In a post-PEPRA world, local governments are challenged to find ways to provide retirement security, particularly as an employee retention and attraction strategy. Options for consideration: employer-sponsored deferred compensation plans, enrollment in Social Security, extended-term life insurance policies, and contributions toward retiree health benefits or long-term care coverage.
- 3.2 Showcase strengths.** Studies show that today’s workers value a high quality of life. For rural agencies that cannot offer

high compensation packages, employee attraction strategies should highlight local community strengths—recreational and cultural amenities, high-performing schools, affordably priced housing, small-town charm, and proximity to the “Big city.”

- 3.3 Provide incentives.** A variety of perks can help attract top talent to local government—from childcare subsidies and student loan repayments to signing bonuses, housing assistance, and critical position pay. While these suggestions can have cost impacts, agencies should focus on providing incentives that are most important to its employees and which align with the values of its organizational culture.
- 3.4 Offer growth.** Governments take on large, important projects that can offer major growth and career opportunities. As such, these should be used as selling points for hard-to-fill jobs that compete with the private sector. According to *Governing Magazine* contributor Elizabeth Kellar, the message to workers should be “Wanted: Smart people with a passion to fix things so our society is a great place to live.”

BUREAUCRACY

According to NYU professor Paul Light, the government’s reputation for bureaucracy drives away potential candidates. Case in point: local government’s recruitment process. Many agencies are locked in outdated processes (e.g., testing requirements and minimum qualifications) that stand in the way of bringing in the best and the brightest. While these procedures may be fine for recruiting employed, mid-career professionals, they aren’t nimble enough to attract those who often need a job quickly for income. Governments can take up to six months to fill positions and may lose candidates to the private sector where recruitments can be completed in a matter of days.

There is also the simple matter of job descriptions and titles. They are often hard to understand, can sound dry and uninteresting, and often use industry-oriented language. They also visually appear stodgy yet overwhelming, as they are

dominated by text that over-describes the duties and requirements of the position.

Agencies need to revamp their recruitment approach and incorporate new practices to effectively showcase positions and their importance to the organizational culture. Governments also need to look “Outside the box” when advertising job openings, going beyond the use of traditional government websites and trade journals if it expects to attract fresh talent.

Recommendations

- 4.1 Go brand.** Agencies are in a prime position to brand themselves—to help create an image of their organization to potential employees. In doing so, local governments should consider updating job descriptions to emphasize meaning, values, learning, and skills development. Job announcements can also be retooled to include a narrative of the organizational culture, and to reposition the tone of “Are you good enough to work for us?” to “Why you want to work with us!”
- 4.2 Streamline process.** Shorten hiring processes and make them responsive to avoid losing high-performers to other jobs. Agencies should also employ an “open until filled” protocol that allows managers to quickly interview a candidate rather than wait for the conclusion of the application period.
- 4.3 Improve the experience.** Put yourself through your agency’s job application process. Pretend you’re the job seeker and get a feeling for any improvements that can help refine a candidate’s application experience. Consult with other human resource professionals to ensure revisions meet legal mandates and incorporate industry best practices. And finally, gather survey data and other analytics about why candidates are or are not applying.
- 4.4 Think mobile.** The current generation is mobile. This means that job seekers now use a smartphone for their job search. Local agencies—if they haven’t already— should

invest in online human resources software to ensure that job postings and online applications are easy to find and apply to from a mobile device. Not only does this optimize candidate interest, but expedites internal application reviews.

- 4.5 Be social.** Online platforms like LinkedIn, Facebook, and Twitter, are becoming the standard for job searches. When agencies use these tools for job advertisements, it casts a wider recruitment net. It also conveys a perception that an organization is progressive. But don't limit your social media presence to recruitment—use these platforms to tell your agency's story and the accomplishments of your employees.

MISMATCH

A mismatch is apparent between the new workforce and the environment of local government.

Today's employee is motivated by meaningful work that offers passion and purpose. They also question the way "Things have always been done." The bureaucracies of local government may prevent employers from capitalizing on the creative insights of their emerging talent. It could also result in higher rates of turnover if these employees don't feel a sense of purpose—and pride—in their employer.

A large number of agencies have not fully explored what their workforce wants from a career in public service—in other words, what makes them tick. The needs and concerns of a baby boomer are not the same as a millennial. While both generations have a passion for public service, younger workers often have debt and limited experience that may affect their future career choices. As for those who prefer to stay in government, they want clear opportunity paths to develop their skills and careers. Governments need to commit to that in order to remain competitive.

Many young professionals are digital natives who have grown up with technology. Many studies cite modern technology as one of the most important aspects of their workplace. Today's generation of

workers expect experience with new technologies to remain competitive in the job market and do their jobs. Many public agencies operate on legacy systems that fall behind the expectations of today's digital generation.

Recommendations

- 5.1 Offer feedback.** Most employees want feedback, as they're used to receiving instantaneous feedback from technology, and have grown accustomed to asking questions and sharing opinions. Having engagement strategies in place—and marketing them as a recruitment tool—can have a positive impact on attracting employees and cultivating their career satisfaction in local government.
- 5.2 Articulate vision.** Employees want to know the big picture of their employer, and they are curious in all work-related matters—even if it's outside their defined area of responsibility. Agencies should make a concerted effort to articulate and reinforce organizational values that provide today's employees with a purpose for their work. If not, they can expect to lose this talent to other organizations that do make it a priority.
- 5.3 Express value.** Investing in employees by helping them develop new skills not only benefits organizations but also shows employees that they are valued. Offer cross-cutting and stretch assignments that meet the desire to gain experience and provide for opportunity paths. If feasible, look to also create progressive work environments that allow for collaboration (e.g., open concept offices), offer flexible work schedules, and reward innovation.
- 5.4 Teach generationally.** Today's workplace is multi-generational—in fact, five generations are working side-by-side. Studies show that colleagues learn more from each other than they do from formal training. It is more important than ever to establish a culture of coaching across age groups. For example, a reciprocal mentoring

program can allow younger staff to teach older colleagues about technology trends. Meanwhile, the more experienced employee shares institutional knowledge with the younger worker. Such an approach can lessen generational tensions in the workplace while providing the collaborative environment younger professionals desire.

5.5 Embrace technology. The majority of today's workers grew up surrounded by digital technology. If they don't have the technology tools they want or need, they may look elsewhere. While public sector budgets are limited, agencies need to explore the types of technology investments they lack—not only for system improvements and efficiencies, but also as a means of building a workforce that will carry local government into the future.

5.6 Start discussions. According to Gallup's recent State of the Workforce report, flexible scheduling and work-from-home opportunities play a major role in an employee's decision to take or leave a job. The public sector will eventually be pushed into breaking down long-established structures and policies to accommodate these needs. While this could take years, even decades, discussions with elected officials on future workforce trends need to begin now (e.g., work/life efforts).

RETAINING & DEVELOPING TALENT

Local government leaders recognize that talent is mobile and that they must create “organizational stickiness” that encourages employees to stay, grow, develop, and contribute to the long-term health of the agency.



In recent years, California's unemployment rate has been at historic lows. To remain competitive, many local governments invested more time and resources to be attractive to recruits (e.g., competitive salaries, benefits packages, relocation fees) than in employee retention. While this can be an effective strategy, an over-emphasis on talent attraction and hiring without equal emphasis on talent retention and development may create problems for local governments.

As the economy continues to strengthen and job fluidity reduces tenure, these factors will put even more pressure on local governments to retain the talent they have worked so hard to secure. Agencies without a holistic approach to the entire employee lifestyle— from attraction through on-boarding and training—may lose talent and be tasked with an continuous loop of new hiring.

The Case for Retention

Simply put, retention refers to the techniques employed by an organization to keep its employees for a longer period of time. So why is this important? According to Talent Initiative participants, a focus on reducing employee turnover makes sense for the following reasons:

- **Turnover is expensive.** The Society of Human Resource Management estimates that every time an organization replaces a salaried employee, it costs six to nine months' salary on average. For an employee making \$70,000 a year, that could mean \$35,000 to \$52,000 in recruiting and training expenses. As for costs in replacing a department head or chief executive officer/city manager, the Center for American Progress predicts an even higher price tag (e.g., twice the annual salary).
- **You lose institutional knowledge.** When top talent seeks employment elsewhere, an organization is losing those individuals' talents, ideas, and institutional knowledge. Although there are tools and strategies that agencies can put into place for retaining institutional knowledge (e.g., documentation, exit interviews) this does not fully replace the benefits of an employee who has first-hand knowledge of the organization and

its specific processes. Importantly, a long-standing positive employee can be integral to maintaining and modeling the desired organizational culture.

- **It creates inconsistency.** If an organization or department has a revolving door of employees, it is difficult to maintain momentum. Instead of managers focusing on larger goals, they are required to retrain new employees, while also keeping their other employees engaged.
- **It affects camaraderie.** Studies consistently show that peers rank among the top reasons for why employees love their job. But if organizations experience a transient workforce, this could easily prevent a positive work culture of inter-office bonding and productivity. This could have a ripple effect that leads more employees to leave the organization.
- **People notice.** Community members interact with local government on a regular basis. When employees they are used to dealing with leave—especially in numbers—it signals trouble. This can also create negative press, cause political conflict, and be publicized on sites like Glassdoor, which can impact future recruitment efforts.

“An over-emphasis on talent attraction and hiring without equal emphasis on talent retention and development may create problems for local governments.”

Employee Retention & Development Strategies

According to Talent Initiative participants, there are six main reasons why employees leaves an organization:

- Lack a work-life balance

- Compensation is emphasized and other “soft” benefits are absent
- Undefined or negative organizational culture
- Not enough employee coaching and feedback
- Managers lack skills and training
- Professional development is not a priority

The following pages further elaborate on these themes and include recommended strategies to improve employee retention.

BALANCE

The private sector is making the business case for work-life balance. And according to Talent Initiative participants, local government should pay attention.

Today’s workforce has many competing responsibilities: work, children, housework, volunteerism, elderly parent care—and the list goes on. These commitments place stress on individuals and families, resulting in a work-life conflict that has physical and mental health implications.

Data from the U.S. Census Bureau shows that Californians spend an average of 28.9 minutes commuting to work each day, giving California the fifth-worst commute times in the nation. In metropolitan areas such as the San Francisco Bay Area, Los Angeles and San Diego regions, workers can often travel as much as one-and-a-half to two hours to work each day. Long commutes contribute to the stress of employees which translates to lower productivity, greater absenteeism, and less connection to the team and work environment.

A report by the Society for Human Resource Management found that 89% of human resource professionals reported an increase in employee retention by simply offering flexible work arrangements. Flexible work scheduling does not typically mean fewer overall work hours. Rather, it refers to adapting work schedules to accommodate family and personal needs such as school pick-up/drop-off, attending sporting/cultural events, and

daycare needs. It also can increase productivity for those employees that are more focused in off-peak times or result in fewer life distractions.

Work-life balance offers employees a greater sense of control and ownership over their lives. Local governments that utilize live-work policies can provide a competitive edge for employee attraction. Such policies also increase employee loyalty and the continuity of in-house expertise. While the nature of public agencies does not allow some positions to have flexible schedules (e.g., public safety, building inspections, front counter operations), other positions (e.g., analysts, information technology technicians, finance, planners, engineers) may be suited for greater flexibility. To avoid creating an environment of “classes” (those who have flexibility and those who do not), public agencies that have successfully implemented flexible scheduling have been transparent to all employees about how some positions do not allow for as much flexibility.

Recommendations

- 6.1 Provide flextime.** Flextime is a type of alternate schedule that gives an employee latitude in choosing their particular hours of work, or freedom to change work schedules from one week or the next depending on personal needs. Under this arrangement, employees are typically expected to be at work during certain core hours of the workday. They are given the opportunity to choose—within certain parameters—their start and stop times as long as they work the required number of hours each day.
- 6.2 Go home.** Another flexible work arrangement, telecommuting, allows employees—on a regular, predetermined basis—to working from home or another site. Technology such as video conferencing (e.g., Skype for Business or Google Hangouts) can show that employees are working from home and are available to chat or video conference. Studies have shown that employees who work just one or two days a week from home are not only more productive but less likely to quit their jobs. They also work at peak times with

fewer interruptions and distractions, have more freedom from peer pressure, and spend less time commuting.

- 6.3 Compress schedules.** A compressed work week allows employees to work the normal total number of hours, but complete those hours in fewer days. The most common variation of this work week is called the 4/10, in which employees work four 10-hour days instead of five eight-hour days. This type of arrangement—along with the 9/80—is becoming more common, employees are said to accomplish more from a compressed work week than the typical “9 to 5” model. With planning, workers can have a compressed schedule while continuing to provide reliable service delivery to the community.
- 6.4 Split jobs.** Job sharing allows two part-time employees to share a single full-time position. Salary and benefits are usually prorated on the basis of what proportion of the job each person shares. Talent Initiative findings revealed that working parents with small children saw job sharing as a highly attractive option when considering an employment opportunity. Furthermore, a report in Human Resources Executive found that two employees sharing one job are more productive than one employee working full time.
- 6.5 Be partial.** Consider permanent part-time arrangements that offer anywhere from 20 to 29 hours per week. Such opportunities can give employees—especially those with high levels of family commitment—the ability to decide which days they work and how long they work on those days. Incentives that can help attract employees to this arrangement include prorated health and retiree benefits, equal wages (full and part-time staff earn the same hourly rate), access to training and development programs, and other benefits available to full-time employees.

INCENTIVES

As work-life balance and flexible work options top the list as a key retention strategy, Talent Initiative participants also supported the value of employee incentive programs. According to one participant, “When it comes to perks versus pay, employee perks matter more than you think.”

While Google and Twitter are famous for their over-the-top perks—professionally catered meals, on-site acupuncture, even improv classes—local governments can also achieve positive results by offering reasonable incentives, especially those not offered at other agencies. Research consistently shows that incentives that do not directly impact an employee’s lifestyle and finances are the least coveted. In other words, ping-pong tables in the break room are not as valued as wellness programs, performance pay, or even opportunities for volunteerism. These incentives, along with a sampling of others, are provided below.

Employees want to feel appreciated, and there are a number of low-cost ways to do so. But local governments are cautioned that incentives aren’t “One size fits all,” and many may have only short-term effects on employee morale and retention. Agencies should evaluate their incentives regularly to ensure they’re still attractive to current and potential employees.

Recommendations

- 7.1 Give bonuses.** As a retention tool, merit pay rewards top talent with additional compensation. It sends a powerful message about what the organization expects from employee performance and contribution; it also sends the message that their hard work is appreciated and important. Merit pay can motivate top talent, as long as the performance factors being monetized matter to the individual and relate to their personal development. Also, in order to remain a motivating tool, the bonus program should not slide into an across-the-board benefit.

7.2 Encourage volunteerism. Today's workforce is charitably-minded and places a high value on giving back. Allowing paid time off for volunteering provides employees with a means to engage and make a difference. It also allows them to indirectly learn soft skills like teamwork, communication, and leadership—all of which can carry over into the workplace as a retention strategy. But the benefit doesn't stop there. Organizations that make volunteering a priority can use this as a recruitment tool, and the positive image it generates reinforces the public service mission of local government.

7.3 Be well. More than ever, employees expect a focus on health and wellness in the workplace. Opportunities like on-site yoga classes, access to city-operated fitness facilities, free gym memberships—even Weight Watchers support groups—can help retain employees seeking healthy lifestyles. A number of Talent Initiative participants reported that these perks are generally low-cost and, in many cases, offered free of charge by an organization's employee assistance program or through health insurance providers. The added benefits to local governments: happier employees, reduced absenteeism, and potentially lower-cost insurance premiums.

7.4 Go casual. Studies have shown that employers can boost morale by allowing employees to wear business casual attire. Many experts believe that if an organization wants to build and retain a team of resourceful and creative employees, it stands to gain from a relaxed dress code. Other cited benefits of business casual attire: employee cost savings from dry cleaning; and the impression that local government employees are more accessible and relatable to the public (as opposed to the "suited-up bureaucrat").

7.5 Give titles. According to a recent study by the Society for Human Resource Management, 63% of professionals would rather get a promotion without a

pay increase than a pay bump without a promotion. The title change recognizes job achievement and enhances a sense of purpose. With a title change, employees can expect to have more responsibilities and more opportunities. While the realities of limited resources, civil service rules, and change-adverse leadership can present barriers, providing employees with promotion-like "working titles"—even creative titles like "Director of Innovation"—will have a tremendous impact on retention.

7.6 Celebrate great. Validation has the power to retain employees and drive up productivity. For example, once a quarter, ask employees for nominations of managers and supervisors who are "great talent developers." Celebrate these managers as organizational role models at a managers' forum, citywide all-hands meeting, or at the honoree's staff meeting.

7.7 Assess competitors. Salary may not be the only reason an employee chooses to stay, but it's still near the top of the list. Organizations that underpay their employees relative to peers may lose their top talent. Every few years, local governments should determine what their competitor agencies are paying and adjust their compensation plan accordingly. This can be done through informal surveys; or more objectively through a formalized compensation study that benchmarks salaries, benefits, performance pay, and other indicators to comparable agencies. Studies should include the comparison of all compensation and benefits—retirement plans, insurance, and other pay—not just salaries. Often, an employee may leave based on these components and not just the salary.

CULTURE

Today's workforce places an emphasis on organizational culture. But for many agencies, it remains a mysterious and "squishy" concept that can mean many different things.

According to Forbes contributor Josh Bersin, culture is, “The set of behaviors, values, artifacts, reward systems and rituals that make up your organization.” One can feel “culture” when they visit or encounter local government because it reflects observable patterns of behavior—from an employee’s enthusiasm to the appearance of an office, to how the organization provides services and responds to inquiries. Ideally, organization culture is defined, nurtured, and protected. But for most organizations, culture casually develops over time as a collection of the beliefs, experiences, and behaviors of its employees—and is heavily influenced by the management team.

Consensus from Talent Initiative participants suggested that local governments must have a positive organizational culture to effectively compete for today’s top talent.

The stereotypical traits of the government workplace—rigid bureaucracy, low energy, fearful of change—are no longer acceptable. Today’s workforce wants to be invested in their work and committed to their employers. If an organization’s culture is undefined or faltering, it is likely that its employees are ready to move on.

Recommendations

8.1 Acknowledge realities. Transforming an organizational culture is challenging and often an uphill battle for local governments. Organizational culture is formed over years of interaction among employees, and often echoes a prevailing management style, informal norms, and a set of personnel rules. Nevertheless, actively fostering a specific organizational culture is possible. It requires understanding, time, prioritization, and constant attention. It requires the education and solid support of key officials, e.g., chief executives, department heads, and the governing board.

8.2 Identify influences. Before attempting any kind of culture-change initiative, take the time to understand the current culture and the way that things are done. Keep in mind the saying, “Culture eats strategy for breakfast.” In other words, culture is

intrinsically more powerful than an agency’s formal priorities, mission statements, and long-term strategic plans. Culture is not about fancy workspaces and catchy slogans, but rather how employees respond to challenges, interact with each other, make decisions, and define success (i.e., what is celebrated, rewarded, reinforced, or even penalized). When you know what you are, then you can begin to develop into what you want to become.

8.3 Start conversations. Positive culture change, requires that management start a conversation with employees. Ask them about the agency’s Employee Value Proposition (EVP), which centers on two key questions:

- Why would a talented professional want to join and stay with us?
- Why would a talented professional be reluctant to join and stay with us?

As part of this conversation, top management can ask if the organization provides opportunities for employees to:

- Express their opinions (and whether those opinions are respected)
- Learn and grow and be challenged
- Interact with senior management
- Work on big meaningful challenges
- Work with some measure of autonomy
- Have the tools and resources needed to do a good job
- Feel supported by others
- Experience flexibility in respect to scheduling

Management must then take action on responses to the conversation and work with all levels of the organization to positively address the issues raised by employees.

8.4 Revisit statements. The public-sector environment is fluid. An organization’s mission and vision—along with its guiding values—can become outdated. In the case for defining a new organizational culture, an update of mission and core belief statements can help provide a clear picture of where the organization is, and where the organization wants to go. This type of strategic exercise can articulate the new culture by setting the baseline for future policy decisions, continued organizational transformation, and clear employee expectations.

8.5 Provide support. Management buy-in and employee training are crucial components that allow for successful organizational change. Beyond supporting a new culture, agency leaders must commit to changing their own behaviors and lead by example. As for employees, they need to understand what is expected of them (e.g., a new customer service protocol or an emphasis on cross-department collaboration). An ongoing commitment to training, mentoring, and effective communication is critical as it helps both managers and employees unlearn old behaviors, while instilling new values, expectations, and behaviors.

8.6 Modify systems. Successful organizational change means that employees understand and accept new realities and they can perform better and enjoy greater job satisfaction. This requires that agencies review and amend formal policies and practices to align to the new culture (e.g., training and employee development opportunities; criteria for employee selection, promotions, pay increases; and employee engagement at all levels). If current practice rewards individual performance but the new philosophy requires teamwork, the misalignment can undermine the successful change in culture.

MANAGERS

According to a 2015 Gallup study, 50% of Americans have left their job because of a bad boss. “People leave managers, not companies.”

Managers drive so much of one’s work experience. They help determine what projects employees work on, who they work with, and when and if they get promoted. They’re the person most likely to help employees when they have a problem. However, poor managers can damage the morale, motivation, and productivity of their teams based on their actions—or inaction.

Talent Initiative participants reported that in local government, identifying and removing poor managers is not easy. Some have lost sight of their role; others may simply not have the skills or training to lead their team.

Skilled managers and supervisors are more critical than ever to the success of an organization. This is not because employees can’t function without direction, but because managers play a large role in talent management. Good managers and supervisors:

- Set clear expectations
- Provide ongoing feedback
- Ensure that employees have the tools and resources they need
- Remove obstacles
- Ensure that the opinions of employees are heard and taken into account
- Celebrate progress
- Conduct professional development conversations with staff
- Provide learning and growth opportunities
- Maintain a positive outlook and communicate the overall vision, especially when things go sideways

Middle managers (e.g., division managers and program managers) often are not trained or

encouraged to coach their employees. Many mid-level managers do not perceive coaching or developing their staff as a primary responsibility. This has to change. First-line managers have the most daily impact on service delivery and can establish habits that will carry into the future. They can also have the biggest impact on employee retention and satisfaction throughout the organization.

A challenge for organizations is that many managers believe they are stretched too thin and do not have the time or energy to develop themselves or promote the development of others. All managers need to understand that professional development of their employees is a primary job responsibility that must be integrated into how they do their jobs.

Recommendations

- 9.1 Ask questions.** Manager training shouldn't be a "One size fits all" approach. Each manager has specific performance issues that need to be addressed—and the best way to know where managers need training is by asking those they supervise. Ensure employee confidentiality in providing candid responses and include questions that require specific examples of areas for improvement or growth. Soliciting this input is crucial for developing manager-specific training plans. Also, executives should ask managers where they think they're the most in need of improvement. Good managers are typically self-aware of their personal limitations and areas for growth.
- 9.2 Consider contracts.** Whether part of an employment agreement or incorporated into the annual evaluation form, a training contract gives managers control over what skills or knowledge they should acquire, the classes they plan to attend, and how they are evaluated. Managers must play an active role in developing these contracts so they are empowered to chart their skill development goals. This exercise reinforces a learning culture and provides managers with an opportunity to acknowledge success when they meet critical milestones.
- 9.3 Train soft.** While many managers possess technical aptitude, many lack the soft—or "people"—skills to manage people. Today's expectations for managers are essentially those of capacity building instigators—that is, they should provide for a work environment that allows for productivity, positivity, fulfillment, and innovation. Without soft skills—effective communication, delegation, diplomacy, conflict management, even self-awareness—managers will not be equipped to be an effective instrument of progress. Nor will they have the ability to hold their teams together. Incorporate effective supervision and coaching in manager/supervisor evaluations. Public agencies often grade managers and supervisors based on projects accomplished and deadlines met, not how they are supervising staff.
- 9.4 Get personal.** As part of its talent management strategy, local governments should consider personality testing and education—especially for its management team. These types of assessments—e.g., Myers-Briggs Type Indicator and DiSC—allow supervisors to understand how different personality types motivate their employees and what makes them successful. This information can help managers develop stronger connections with their team, which can lead to greater engagement and retention.
- 9.5 Prioritize funding.** Management training can be a major cost for many organizations, regardless of their size. However, the cost of training is minimal when compared to high turnover costs, lawsuits, or employee grievances.
- 9.6 Review progress.** If we promote new supervisors, managers, and directors based on potential, the initial learning curve may be steeper than normal. Take additional care to know which areas require the most growth and ensure they are learning the skills needed to be successful on the job. Establish regular check-ins and ask

questions to review progress. This is especially true for first-time supervisors.

ONBOARDING

According to a recent white paper by accounting firm KPMG, more than 80% of all new hires decide whether or not to stay at their new job within six months of joining. Onboarding helps: nearly 60% of new hires are likely to be with the same organization three years later because of an effective on-boarding process.

The concept of onboarding refers to the process of acclimating employees to their new job and the culture of the organization. It goes beyond the day-long employee orientation of completing paperwork and reviewing workplace policies. It is a comprehensive exercise that extends from the initial job offer to the point when the employee is a contributing asset to the organization.

Effective onboarding includes orientation, training, feedback, and follow-up—a process that could last upwards of a year. A strong onboarding strategy explores the values and mission of the local government organization. It also discusses mutual expectations, equips new hires with the knowledge and resources required to do their job, and allows them to see how they fit into the organization.

Talent Initiative participants overwhelmingly reported a desire for their agency to have an established onboarding program. They understand it helps create loyal and valued employees that can yield significant returns on investment.

Recommendations

10.1 Be impressionable. The time between the offer letter and start date is crucial because new hires may still be interviewing with other agencies. Use this as an opportunity to make a favorable impression by sending a small gift (e.g., a promotional item) or letter from the chief executive, department head, or supervisor welcoming them to the organization. Small gestures like this can make employees feel excited about joining an agency—especially if they have doubts. Such

actions also reinforce the notion that the organization is well-run and has a stake in their future.

- 10.2 Optimize orientation.** Send new hires a welcome packet that contains information about the organization, what they can expect on orientation day, as well as necessary paperwork that needs to be completed immediately—e.g., health insurance and tax forms. Request that the employee completes these materials at home, eliminating the paperwork stack usually handled on the first day. This allows time for more engaging orientation activities that inspire the new employee and help them to acclimate.
- 10.3 Institute a checklist.** Developing an employee orientation checklist is a crucial first step in providing a smooth transition for new employees. Start with the basics—set up their computers, order business cards, show them where the restrooms are—then add items that are unique to your workplace and which need to be communicated. As this tool is developed, test it on new employees and solicit their feedback on items that might have been helpful to know (or to have) in their first days and weeks on the job.
- 10.4 Provide mentors.** Onboarding mentoring programs set new hires “Off on the right foot” by giving them an insight into how their job fits within the overall organization, and how their new role links with their own career goals. A well-selected and well-matched mentor can also provide a candid picture of the new employee’s roles and establish expectations while sharing knowledge and insight for employee success. This dialogue creates a culture of openness. Being selected as a mentor also has a positive impact on that employee’s morale
- 10.5 Connect employees.** Joining a new organization may be a difficult experience for many. Pairing a new employee with a peer “buddy” who is not in the employee’s

immediate workgroup can help the employee understand and adapt to the organization's culture.

- 10.6 Go long.** The onboarding process should be a one-year journey for the employee. It takes time for employees to understand job-specific nuances, adjust to a new organizational culture, and learn work-related technologies. Agencies, if they haven't already, should outline milestones to ensure that new hires are assimilating as expected and continuing to increase productivity. The onboarding process should also include opportunities to forge relationships with other employees, and monthly employee check-ins with human resources personnel or their mentor to ensure a path to success.

SKILLS

While onboarding teaches new employees the skills and knowledge they need before setting out on their own, Talent Initiative participants stressed the importance of ongoing training programs. Without this resource, employees are often left to navigate a system of informal learning and development tactics through job shadowing and tribal knowledge sharing.

Talent Initiative findings support research from the Society for Human Resource Management that employers care more about employee soft skills than they do technical abilities. One key reason is that they help facilitate human connections, which is important in a service-oriented business like local government. Employees with effective soft skills build relationships with internal teams, work well with elected officials, and effectively serve the general public.

This is not to say that technical skills aren't important. They are. But in a comparative sense, training a new employee for a particular hard skill—like how to use a computer program—is easier to do than training an employee a critical soft skill—like patience—to learn the program. Talent Initiative participants stressed the connection of ongoing training to talent retention.

Recommendations

- 11.1 Teach writing.** “Writing skills are a silver bullet,” reported one Talent Initiative participant. Strong writing advances all aspects of local government—from effective problem solving and analysis, to teamwork and leadership. Public-sector jobs require a substantial amount of written communication. Investing in strong written communication skills will save time and improve results daily. It can boost confidence, open the door to promotions, and help employees convey information—whether in a staff report or email—succinctly, persuasively, and effectively.
- 11.2 Hone communication.** Government employees interact with a number of audiences: peers, external colleagues, elected officials, and the general public. Today's emerging talent benefits from learning techniques on effective presentations, public speaking, minimizing nervousness, and addressing conflict. Many Talent Initiative participants recommended the training resources of CAPIO and MMANC/SC. Hosting a local Toastmasters Club was also cited as best practice for communication and leadership skills development.
- 11.3 Build astuteness.** While many in today's emerging workforce have professional degrees, many of them lack political savvy and an understanding of local government challenges. And the reality is, most of this is learned on the job. Offering aspiring leaders opportunities to attend community and governing board meetings, assist in writing and developing presentations, and taking on policy-related projects are great ways to expose them to government inner workings. They can take advantage of programs offered by the LCC, ICMA, CSMFO, and other professional organizations to learn more about current legislation and fiscal trends that can affect local government.
- 11.4 Train critically.** In addition to the “soft” skills of effective communication, political

savvy and other interpersonal skills. Critical thinking is important for success. Skills enable employees to weigh the pros and cons of solutions to problems before choosing a way forward; they also equip them with the tools and approaches to logically structure recommendations before making a final decision.

- 11.5 Map talent.** Talent mapping is a technique commonly used in the United Kingdom and Canada to document information about key staff and the skills required to support organizational changes ahead. It asks questions about where an agency wants to be short- and long-term, and what skills are needed to get there. This exercise helps leaders project future human resource needs, and devise training paths and leadership development programs to grow employees to become tomorrow's workforce. It also allows local governments to create a roadmap for succession planning and future recruiting efforts.
- 11.6 Budget it.** While most governments know that investing in talent means increased productivity and employee loyalty, many don't make it a funding priority. According to the Association for Talent Development, organizations should provide at least 40 hours of training annually for each employee with total employee development costs at 4.3% of payroll. This sets a goal moving forward. The support of elected officials and the inclusion of employee development programs into policy documents (like an organization's strategic plan) is critical for making it a reality.
- 11.7 Take a bite.** Use interim and temporary assignments to provide stretch opportunities for employees. It gives the organization a chance to test employees and lets employees hone their skills.

ASSESSMENT

A talented and skilled workforce is the lifeblood of every organization. As the battle for talent escalates, local governments need to make

ongoing assessment a key component of its employee retention strategy. This includes ongoing evaluation of comparative data from professional organizations; the performance review process; and regular employee interviews that seek to understand personal and professional goals.

Recommendations

- 12.1 Research trends.** Keep up-to-date on what is happening in the industry by attending conferences. Membership in professional associations can shed light on primary drivers of turnover; they can also highlight retention strategies and technologies that other agencies are using and finding effective. Benchmarking surveys are also useful, as they can provide data on where an organization stands on issues like pay, benefits, and perks.
- 12.2 Rethink reviews.** More and more, corporate America is doing away with annual performance reviews. The reasons are many, from the stress they cause to the amount of time they take. Annual reviews are seen as a system that looks at past practices, as opposed to today's need for daily performance management. Providing instead for more frequent manager-employee check-ins—quarterly, monthly or even weekly—encourages more meaningful conversations in which accomplishments are recognized and developmental areas are discussed. This ongoing dialogue also allows for fresh and relevant feedback, more real-time information, and increased employee engagement.
- 12.3 Identify flight paths.** Employees, regardless of age, want to know “where they stand.” With proper training, experience, and education, is there a path to advancement within the organization? Is that in the next year, three years, or five years? When employees have a clear idea that there are advancement opportunities within the agency and understand what it will take to get there, they are more likely to stay and grow with the organization.

- 12.4 **Go 360°.** Local government performance reviews are usually based on a single perspective. Shifting this practice to a 360° model provides for performance feedback that is solicited from all directions in the organization, i.e., peers and direct reports that can add insight into how well the employee is working with their team. This feedback provides a balanced view of the skills and contributions an employee makes to the organization, as well as to their impact on furthering collective organizational goals. It also allows managers to evaluate the input from many sources to note similarities and trends, and identify areas that may need additional support.
- 12.5 **Self assess.** Asking an employee to evaluate his or her own performance can be extremely effective. Employees are often more critical of their performance than managers. It can also help initiate dialogue, encourage personal growth, and result in greater employee accountability.
- 12.6 **Say stay.** A stay interview is a retention strategy that engages employees. Effective stay interviews ask employees why they want to continue working for the agency—and what might make them leave—using structured questions and an open dialogue. Experts recommend doing them at least once a year. This may increase to at least twice a year for positions where there is a high rate of turnover.
- 12.7 **Ask after.** A common private-sector practice is to conduct post-exit interviews two weeks to three months after an employee leaves a position. Research suggests that this additional time can improve interview answers by up to 50%. Once removed from the emotion of leaving a job, former employees offer more constructive feedback. A former employee may now treat this opportunity as an advisor, knowing the agency is taking steps to learn and improve its organizational culture.



ENGAGING ELECTED OFFICIALS

Elected Officials are often overlooked in talent management efforts, when, in fact, they are essential participants. They are the public face of the organization's culture and establish funding for programs and services, including employee training and development.

Human resources (HR) is an internal management function that is not always shared with policymakers. Typically, the only times elected officials are exposed to HR matters are during the budget process, labor negotiations, or a closed-session when things have gone terribly wrong.

Policy-makers often lack information on workforce trends and challenges that would benefit from their support (e.g., difficulty recruiting for certain classifications, turnover rates, retirement projections). Consider looking for ways to include workforce information in regular reports to the legislative body. During the budget process, rather than strictly discussing personnel in terms of numbers, share a story about the profession's challenges to actively recruit and keep good talent. Look for ways to celebrate employee achievements at public meetings.

“Elected officials need to understand that their goals are reliant upon the talent within the organization.”

Focus group participants recommended more sharing of data with policy-makers. This includes information associated with the organization's workforce analysis (which may highlight an agency's vulnerability to baby-boomer retirements or the loss of talent), maps of where employees live and commute time data, the costs of losing talent, as well as the results of employee engagement surveys.

Recommendations

13.1 Invite feedback. Pose two simple questions to your elected officials: why would a talented professional want to join and stay with us? and why would a talented professional be reluctant to join and stay with us? Inviting input from elected officials may result in a conversation that can support your

agency's efforts on recruitment, changes to personnel policies, labor negotiations, compensation analysis, and organizational culture. Does your elected body see themselves as a positive aspect of your employee value proposition (creating a supportive environment and culture of appreciation)? Or do they recognize how they may adversely impact recruitment efforts (dysfunctional councils that create a negative environment)?

13.2 Discuss trends. As part of budget discussions, take a few minutes to highlight your efforts on recruitment and retention. Share what's working and what can be improved. If you're making personnel cuts, explain how you may explore flexible work schedules or improved organizational culture as a way to mitigate a reduction in employee morale. If you have planned retirements in the upcoming budget period, share your strategies on how to recruit for the positions or build your talent pipeline.

13.3 Consider updates. One of the biggest obstacles reported by Talent Initiative participants was the existence of outdated civil service rules that hinder an agency's ability to promote good talent or provide employees with temporary or interim promotional assignments. Reviewing personnel policies and outdated rules with elected officials and bargaining units (if appropriate) may help all parties understand how antiquated rules can effect leadership development and retention efforts.

13.4 Reinforce civility. The behavior of elected officials on the dais does not go unnoticed by the public or the media. Elected officials may not realize that their behavior is directly attributable to an employee's willingness to join or stay in an organization. In a dysfunctional political environment, employees at the management level may cope and continue with their work, but may be reluctant to take the next step. Facilitated workshops

and study sessions may be an appropriate venue to discuss civility and its impact on recruitment and retention.

13.5 Stretch safely. In some organizations, department heads or division managers are the only staff members permitted to deliver staff reports or presentations to elected officials. This is a missed opportunity to coach and guide the leadership pipeline on how to effectively deliver presentations and develop other soft skills. With coaching and guidance, staff can “stretch safely.” An added benefit: elected officials can see how your agency is developing the talent pipeline.

13.6 Defend staff. Executives and elected officials alike need to support local government employees by responding directly to abusive comments and attacks on staff. Many Talent Initiative participants reported how much employees appreciate the presiding officer (e.g., mayor, president of the board) or chief executive publicly defending staff when being attacked publicly.

13.7 Support development. Many agencies reported that training and development is one of the first expenditure categories to be cut during budget reductions. Elected officials should be reminded that staff development helps foster employee engagement and productivity, and simply keeping staff on payroll without training is not an effective way to build a dynamic workforce for the community.

13.8 Manage expectations. While it may be necessary to hold evening or weekend meetings for the convenience of the public, elected officials need to be mindful of how excessive after-hours meetings can have an impact on employees’ work-life balance and morale. Limiting the number of special council, board, committee, or commission meetings may help. Set an expectation with elected officials that staff should not be contacted on weekends or after hours unless in an emergency (and set an

expectation with staff that they are not to respond to elected officials after-hours unless there is an emergency).

13.9 Foster appreciation. Managers can create a “culture of appreciation” among staff and the elected body by acknowledging staff for a job well done. Specific acknowledgment of team members following staff reports or presentations can help showcase the hard work that is being done. Inviting the city council and commissioners to an annual employee recognition luncheon can help showcase appreciation in action.



TAKING ACTION

“A journey of a thousand miles starts with a single step.”
- Laozi, Chinese Philosopher

TEN IDEAS TO IMPLEMENT TODAY

This Talent Initiative report provides a menu of diverse recommendations for local government executives. Leaders can start anywhere they'd like in implementing any or all of the recommendations in this report to better attract, retain, and grow talent.

Here are ten ideas to consider in beginning your efforts:

1. Conduct a simple workforce analysis (i.e., showing retirement risk now and in five years for different employee groups).
2. Eliminate minimum qualifications for entry-level positions; hire for potential or learning agility.
3. Enhance job announcements to showcase the meaning and purpose of the work, organizational values and culture, and opportunities to grow and develop.
4. Fully utilize “stretch” assignments, including participation on cross-functional project teams.
5. Train all supervisors and managers on how to coach and conduct development conversations with all direct reports.
6. Ensure that supervisors and managers provide ongoing performance feedback to employees, not just a once-a-year performance evaluation.
7. Conduct “stay interviews” with key talent (or better yet with all employees).
8. Hire one or several university interns and limited-term Management Fellows (those graduating with master’s degrees).
9. Incorporate more flexibility into scheduling including, where appropriate, telecommuting.
10. Ensure ongoing face-to-face interaction between employees and top management.

Bonus Idea: Start a conversation with all employees about enhancing organizational culture (and then do something!).

A CALL TO ACTION

Talent Initiative research suggests that agencies are losing the battle for talent. We need to act now if our organizations are to remain competitive in the face of the challenges impacting our communities.

We encourage you to take the following steps now:

- Discuss this report’s Executive Summary with your executive team.
- Start a conversation with key employees regarding your agency’s Employee Value Proposition. Ask three questions:
 - Why would a talented professional want to join us and stay with us?
 - Why would a talented professional be reluctant to join us and stay with us?
 - What can we all do to enhance our Employee Value Proposition?
- Conduct a study session or other conversation with the governing board about your Employee Value Proposition; engage governing board members in helping top management address talent challenges.
- Implement a few ideas from the Ten Ideas to Implement Today section of this report.

Start your journey to becoming an Employer of Choice!



APPENDIX

APPENDIX A

GLOSSARY: ACRONYMS

Cal-ICMA	California Affiliate: International City/County Management Association
CALPELRA	California Public Employers Labor Relations Association
CACE	California Association of County Executives
CAPIO	California Association of Public Information Officials
CPAAC	County Personnel Administrators Association of California
CSAC	California State Association of Counties
CSMFO	California Society of Municipal Finance Officers
ELGL	Engaging Local Government Leaders
ICMA	International City/County Management Association
ILG	Institute for Local Government
LCC	League of California Cities
MISAC	Municipal Information Systems Association of California
MMANC/SC	Municipal Management Associations of Northern and Southern California

APPENDIX B

PREPARING THE NEXT GENERATION TALENT SUMMARY OF RESULTS

Background

Who (sent)	PNG Sub Committee Members
When	May 2016
Where (to whom)	City Managers, Assistant City Managers, Human Resource Directors, and members of various affiliations/networks, including International City/County Management Association (ICMA), Municipal Management Association of Northern and Southern California (MMANC and MMASC), and more.
Why	<p>The purpose of the Survey was to identify the development needs of early- and mid-career managers as well as emerging leaders in local government in California; specifically:</p> <ul style="list-style-type: none"> · what talent development initiatives are of the greatest priority; · what has been effective; and · what other initiatives should be explored <p>Based on survey responses, Cal-ICMA will be funding several new programs to accelerate the development of current and up-and-coming talent.</p>

Development Needed for Advancement in Local Government

There were two audiences for the survey; 1) City/County Managers, HR Directors and Senior Leaders and 2) Mid-Managers, Emerging and Aspiring leaders. Recipients of the Survey were asked about what development was needed for succession in local government from each of their perspectives. The development needs respondents felt were **very important** for advancement of individuals in local government are:

City/County Managers, HR Directors and Senior Leaders (Senior Leaders)

Development Need	Very Important
· “Soft” or leadership skills (managing others, community building, etc.)	74%
· Strategic Planning	66%
· Communication Skills (written, verbal, and presentation)	65%

Mid-Managers, Emerging and Aspiring Leaders

Development Need	Very Important
· “Soft” or leadership skills (managing others, community building, etc.)	96%
· Communication Skills (written, verbal, and presentation)	90%
· Creativity and Innovation	75%

Participate and Engage in Training

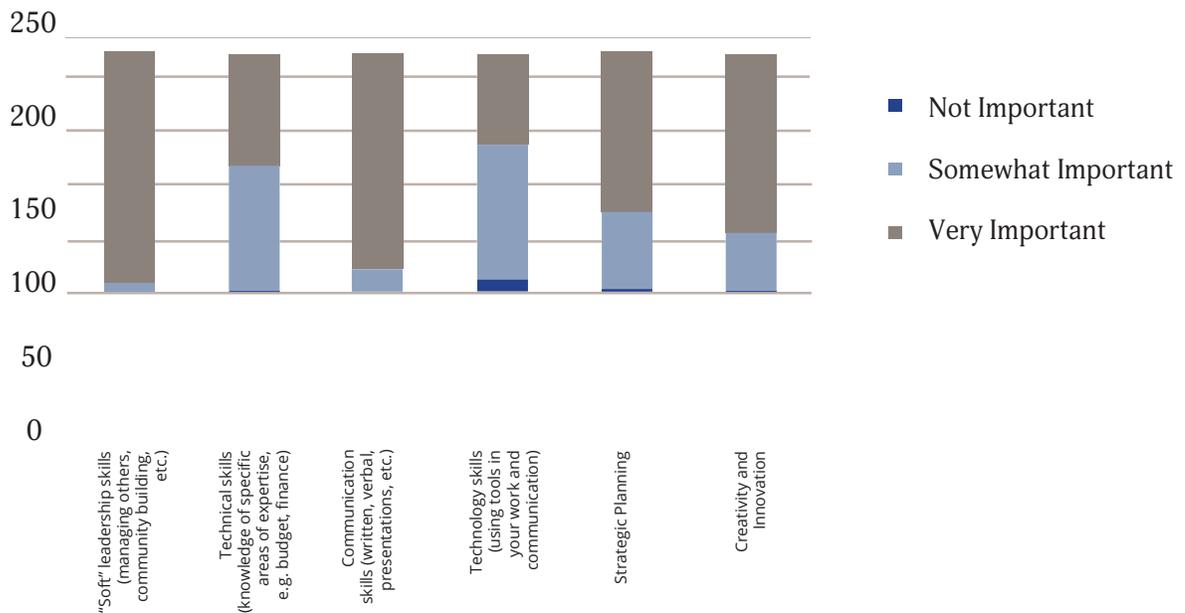
Eighty-three percent (83%) of Mid-Managers, Emerging and Aspiring Leaders reported that they regularly participate in Training and Development Programs, taking at least 2-3 activities per year. Similarly, **80% of the Senior Leaders also indicated that they actively engage emerging leaders in**

training and talent development activities. Lack of time was cited as the number one reason (55%) **why senior leaders don't actively engage emerging leaders in training and development.**

Development Programs or Resources to Accelerate Development of Mid-Managers, Emerging or Aspiring Leaders

When asked about programs and resources that would accelerate the development of Mid-Managers, emerging and aspiring leaders **63%** of respondents agreed that a **“human development campaign” to promote the need for local government to focus on talent development as a key business necessity** and offering **development opportunities to all employees** would be very helpful. **Sixty percent (60%)** of respondents agreed **“training and other resources for those needing coaching or those wanting to serve as coaches”** would also be very helpful.

What to do you perceive as the development needs of emerging leaders in your government agency?



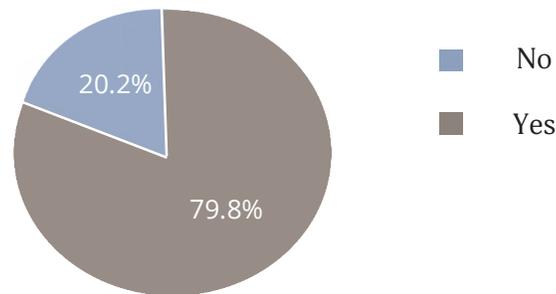
In addition to the training options the survey provided, respondents indicated that emerging leaders in their local government agency would benefit from developing skills in the following areas: Consensus Building, Critical and Strategic Thinking, Change Management and Adaptation, Employee Engagement, Emotional Intelligence, Mentoring, and Process Improvement.

Participate and Engage in Training

Eighty-three percent (83%) of respondents reported that they regularly participate in Training and Development Programs, taking at least 2-3 activities per year. Similarly, **80% of Senior Leaders also indicated that they actively engage emerging leader in training and talent development activities.**

The 20% who answered that they were not actively engaging emerging leaders in training and talent development activities, **55% cited that a lack of time** as the primary obstacle which gets in the way of actively engaging high potential employees in Training and Development. Thirty-four percent (34%) indicated other reasons prohibit making such investments. The most frequent responses were proximity to training and lack of available resources (rooms, funds, trainers, etc.).

Do you actively engage emerging leaders in training and talent development activities?



Nearly half of those who took the survey shared what was most effective for their organization in actively engaging emerging leaders in training and talent development. The majority of the responses linked to:

- Attendance or participation in traditional Training and Development activities (attending workshops, conferences, training course, etc.);
- Offering internal, external, and/or consortium Manager, Supervisor and/or Leadership Development Academies;
- Providing stretch and/or Work-Out-of-Classification opportunities which provides staff with greater exposure and awareness;
- Coaching, Mentoring and providing feedback;
- Ensuring participation in Professional Affiliations (MMANC, ELGL, ICMA, etc.);
- Promoting a career in Public Service to Youth; and,
- Communicating and preparing high-potential employees for future opportunities.

A unique and intriguing response was the formation of a “Next Generation” team, where the City Manager meets with up- and-comers on a monthly basis to discuss topics and develop skills.

And, despite being identified as one of the least effective means of providing training (see Training Modalities, Their Effectiveness and Efficacy,) Webinars were frequently touted as an effective program/resource utilized in an organizations to develop the next wave of talent.

Training Modalities - Their Effectiveness and Efficacy

When answering if they participated in training, many provided context on what training modalities were most efficient and had the greatest efficacy. The responses varied and legitimized that training is consumed in multiple ways; each with its advantages and disadvantages.

Respondents indicated that learning is commonly acquired through in-person or traditional classroom settings (workshops), as well as online (webinars), established, open discussion and forums (e.g. meetings, panels, question and answer sessions, conferences, etc.), continued education, and in cohorted or extended learning opportunities (e.g. certifications, academies, etc.)

The majority of the narrative feedback indicated that in-person training was preferred to online training. While online training was cited as cost effective, convenient, and relinquishes the need to leave the office, some respondents surmised that web-based learners are often distracted and diverting their attention to learning to address other pressing tasks or people who interrupt the learning. Others posited their opinions on how in-person training enhanced learning.

Postulations were that in-person training provides opportunities to concentrate exclusively on learning; network with other professionals and/or organizations; participate in breakout sessions; engage in extensive and interactive dialogue, etc.

Development Programs or Resources to Accelerate Development of Mid-Managers, Emerging or Aspiring Leaders

When asked about programs and resources that would accelerate the development of Mid-Managers, emerging and aspiring leaders 63% of respondents agreed that a **“human development campaign” to promote the need for local government to focus on talent development as a key business necessity** and offer **development opportunities to all employees** would be very helpful. Sixty percent (60%) of respondents agreed **“training and other resources for those needing coaching or those wanting to serve as coaches”** would also be very helpful.

While programs targeted at underserved individuals received one of the lowest percentages (37%) of respondents indicating it would be very helpful in accelerating development, the majority of the narrative responses circled around addressing equal opportunity for underrepresented populations, attracting younger generations to the public workforce, and gender equality.

Specific ideas or requests for ICMA – Talent Development

One third of the Survey takers provided ideas or requests for the ICMA Talent Development Committee to explore. The majority of the comments centered around **Coaching and Mentoring**. Comments ranged from the value of Coaching programs (like ICMA’s), to revitalizing the branding of the ICMA program, and the importance of a quality and meaningful match.

Also frequently mentioned was the desire for **Job Shadow and/or Exchange Programs**, which would provide opportunities to explore how other individuals and organizations operate.

Several respondents offered additional development needs for emerging leaders as they relate to **“soft” leaderships skills**, including understanding and/or awareness of Transformational Leadership, Coaching, Creating High Performing Teams, Organizational Development, Giving and Receiving Feedback, Emotional Intelligence, Relationship Management, and how to work in a political climate - the strength and calmness that it takes to stay centered (even in the presence of your City Council.)

Other innovative ideas shared included:

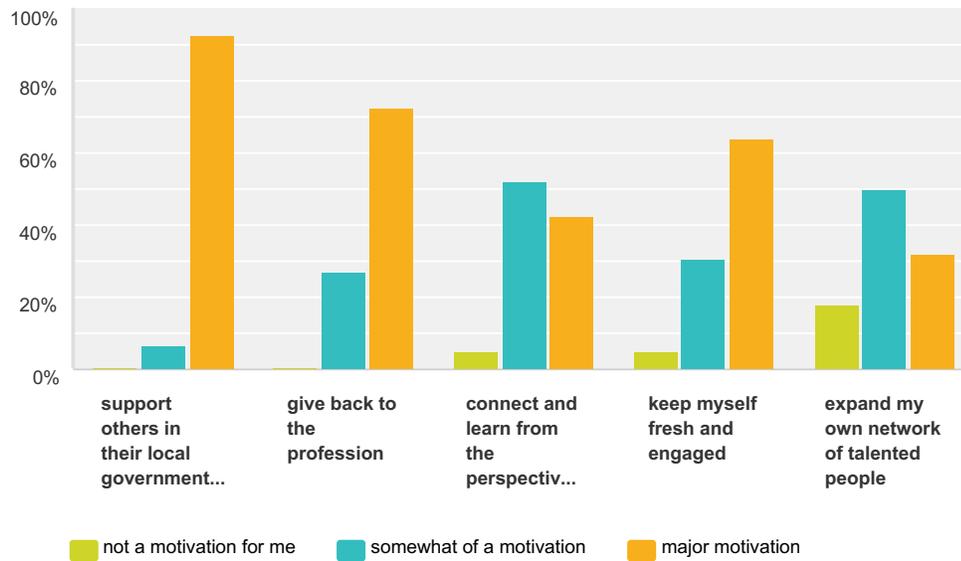
- Creating a City Managers Hospitality Group where for new/emerging leaders meet with current Organizational Leaders (City/County Managers, Assistant City/County Managers) for coffee, conversations, and idea exchanges.
- Hosting forums for discussing the impact of proposed, current and recently enacted legislation on local government; and, sharing what others are doing about it.
- Asking the Assistant City Managers (ACM) about their role and needs, more cities are merging towards combining the ACM and Department Head (HD) role, how does this impact the work of those roles?
- Improving recruitment practices: how to hire for fit; how to attract a more diversity workforce; and how, to ensure more underrepresented populations are serving in leadership positions.
- Providing a suggested list of Ted Talks and accompanying discussion questions.

APPENDIX C

SURVEY DATA COACH PERSPECTIVE

Q1 What are your motivations to coach others?

Answered: 134 Skipped: 0

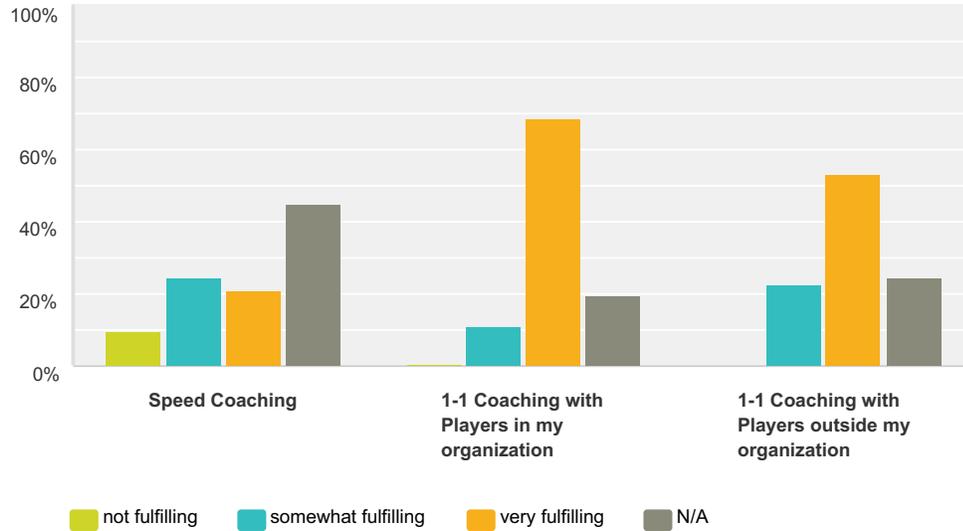


	not a motivation for me	somewhat of a motivation	major motivation	Total	Weighted Average
support others in their local government careers	0.75% 1	6.72% 9	92.54% 124	134	2.92
give back to the profession	0.75% 1	26.87% 36	72.39% 97	134	2.72
connect and learn from the perspectives Players bring	5.22% 7	52.24% 70	42.54% 57	134	2.37
keep myself fresh and engaged	5.22% 7	30.60% 41	64.18% 86	134	2.59
expand my own network of talented people	17.91% 24	50.00% 67	32.09% 43	134	2.14

#	Other (please specify)	Date
1	Really just to help grow the next generation.	7/15/2016 11:46 AM
2	I am currently working on my life coach certification from UW-Madison and am also working part-time as a local govt management consultant specializing in executive recruitment.	7/13/2016 12:03 PM
3	As a Senior Advisor, expanding my network of talented people can aid me in helping other managers to tap into available resources.	7/13/2016 5:30 AM
4	More detail is to discover what are the unique issues in those cities I work with. Generics are useful, but when it gets down to it there are usually specifics to that member, that community and the association.	7/12/2016 6:42 AM
5	Had limited coaches in my early career, especially among women. Want to change that.	7/11/2016 4:46 PM
6	To help others understand the needs of the profession and provide personal experiences so as to help other as they move up in any organization.	7/11/2016 9:45 AM
7	Pay it forward	7/8/2016 6:59 AM

Q2 What's been your experience with coaching? (check N/A if you haven't had an experience)

Answered: 134 Skipped: 0

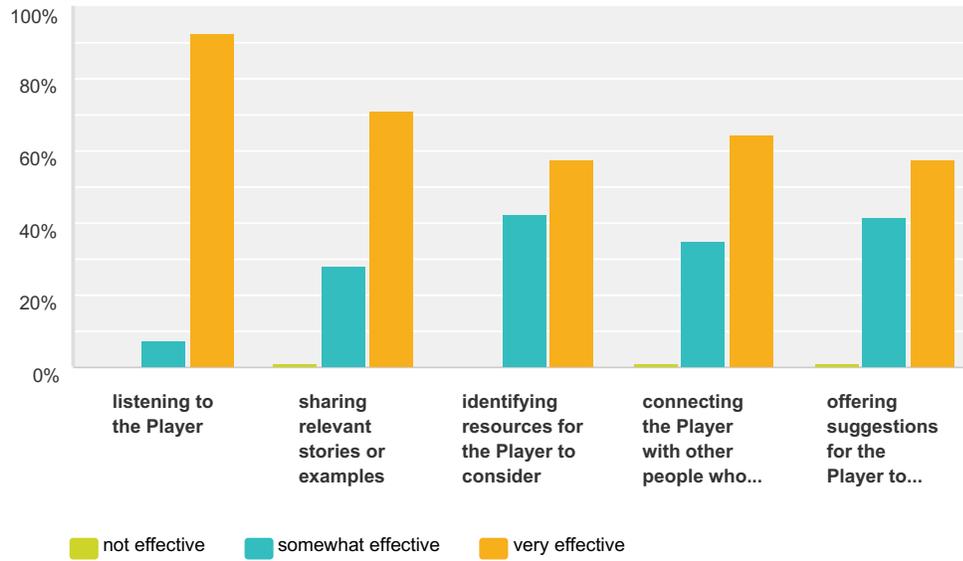


	not fulfilling	somewhat fulfilling	very fulfilling	N/A	Total
Speed Coaching	9.70% 13	24.63% 33	20.90% 28	44.78% 60	134
1-1 Coaching with Players in my organization	0.75% 1	11.19% 15	68.66% 92	19.40% 26	134
1-1 Coaching with Players outside my organization	0.00% 0	22.39% 30	52.99% 71	24.63% 33	134

#	Other coaching experiences (please specify)	Date
1	Public Administration Specialist, BRADD, 1973-78 10 counties, 26 cities, First City Administrator, Berea, 1979-1986, State Local finance Officer, State of KY, 1986-1988, Local Government Advisor Chief (Cities), 1988-1997, Research Dept, local govt advisor, Ky League of Cities, 1999- 2006.	7/14/2016 4:37 PM
2	Now that I am retired, I find it very rewarding to meet with young and mid-career professionals. We have the opportunity to review their career plans and help them develop plans that will assist them in achieving their professional goals. Listening to them is most important. Allowing them to finish speaking before asking questions and then work with them to develop their personal plan of action.	7/12/2016 4:30 PM
3	I do try to reach out to professionals that are not members of either the International or State associations and try to ascertain why they do not belong to either or what do they feel about benefits they would receive.	7/12/2016 6:42 AM
4	Affecting the thought process of citizens in reaching conclusions, overcoming bias, gaining respect for public service.	7/11/2016 4:46 PM
5	Coaching my direct reports.	7/11/2016 2:42 PM
6	Coaching CMs and ACMs from the perspective of my Senior Advisor's position.	7/11/2016 12:47 PM
7	Senior advisor	7/10/2016 7:42 AM
8	The person I was assigned to coach dropped out early on so we never met.	7/9/2016 1:19 PM
9	members in transition interview training 1:1	7/8/2016 2:12 PM
10	I have done speed coaching in NC and started speed coaching session in Virginia at the VLGMA conferences. I have also taught Graduate Level MPA classes often serving as a mentor/coach to students in these programs.	7/7/2016 4:31 PM
11	Teaching public adm students at Ferris State University	7/7/2016 3:17 PM

Q3 What have you found to be effective in coaching others?

Answered: 132 Skipped: 2

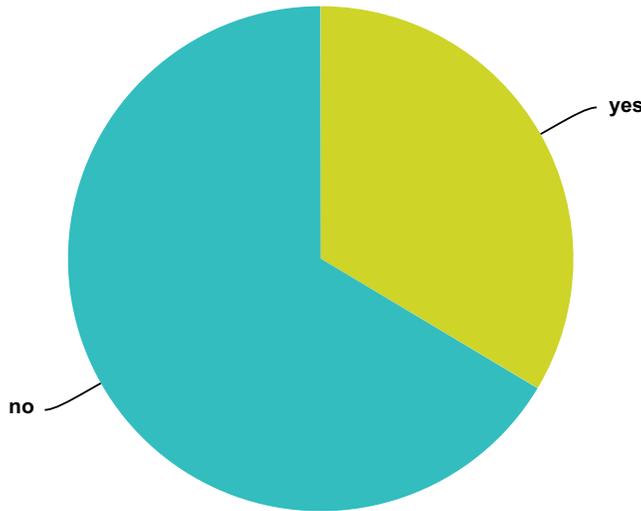


	not effective	somewhat effective	very effective	Total	Weighted Average
listening to the Player	0.00% 0	7.58% 10	92.42% 122	132	2.92
sharing relevant stories or examples	0.76% 1	28.03% 37	71.21% 94	132	2.70
identifying resources for the Player to consider	0.00% 0	42.42% 56	57.58% 76	132	2.58
connecting the Player with other people who may be helpful	0.76% 1	34.85% 46	64.39% 85	132	2.64
offering suggestions for the Player to consider	0.76% 1	41.67% 55	57.58% 76	132	2.57

#	Other (please specify)	Date
1	I have found listening to be the most important trait followed by asking probing questions.	7/7/2016 4:31 PM

Q4 Have you ever had a Coach work with you in your role as a senior member of the profession? If yes, please add a comment about the experience.

Answered: 134 Skipped: 0



Answer Choices	Responses
yes	33.58% 45
no	66.42% 89
Total	134

#	Comment:	Date
1	A number of times at different junctures when I questioned my direction. I have found working with a coach invaluable especially as I have progressed in Management which is a lonely place to be.	7/15/2016 4:48 PM
2	Sometimes we view ourselves differently than how the outside world views us. The difference can be very informing.	7/15/2016 1:45 PM
3	Managers I worked for early in the profession.	7/15/2016 7:27 AM
4	Not so much in a formal way, but Greg Bielawski shares great insight into the profession and the role of senior advisers, it is like he is coaching a number of us.	7/14/2016 9:17 AM
5	Very positive "being coached" experiences that provide examples for me to follow as a coach.	7/13/2016 6:33 PM
6	I have a great mentor in Dr. Steve Hintz, former WCMA secretariat, who I now work with occasionally in my consulting practice.	7/13/2016 12:03 PM
7	Not in a formal way. I reach out to colleagues when I need support, an ear, etc.	7/13/2016 5:43 AM
8	When I was in active service, there were a number of retired City and County Managers living in the area where I managed. Monthly, I invited them to lunch. They were able to provide insight and advice to me on a variety of issues some professional and some personal. Now that I am retired, I have join this group of retired managers. We still get together occasionally. We continue to invite local managers to lunch with us. All these managers managed communities in the local area. They all have great background on a variety of the issues facing the area.	7/12/2016 4:30 PM
9	... At least not formally. I have sought mentorship from various people at various times by watching, conversing, asking questions and listening.	7/12/2016 9:57 AM

SURVEY DATA - COACH PERSPECTIVE

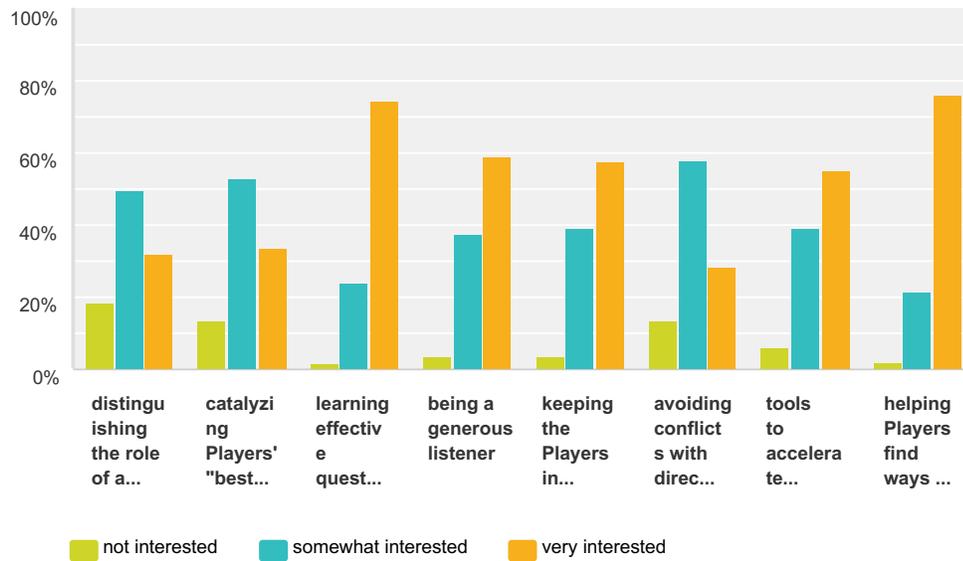
10	Our organization has routinely provided opportunities for the senior leadership team to participate in training such as Facilitative Leadership and other trainings. By doing so it is hoped that all employees in the organization will eventually benefit and be encouraged to reach their highest potential through the effective supervision and leadership of the senior staff who in turn will assist their staff in becoming better team members.	7/12/2016 9:38 AM
11	Was helpful in terms of understanding how I use (or waste) my time, understand elected official perspectives	7/12/2016 6:56 AM
12	I sometimes consult with other senior local government managers and even private sector managers on issues relevant to what I am involved in at the time. This gives me other valuable perspectives.	7/12/2016 6:53 AM
13	Extremely beneficial to have access to neutral feedback	7/12/2016 6:40 AM
14	Informal on an ad hoc basis, but very rewarding and fulfilling just to have someone else to talk to.	7/12/2016 6:32 AM
15	coaching has been very helpful as I have transitioned into a new role in a new organization, hearing different perspectives and suggestions about how to resolve challenges is invaluable	7/11/2016 4:50 PM
16	Impact on thinking realistically and planning strategically.	7/11/2016 4:46 PM
17	I have received mentoring from various City Management Professionals throughout my career and found it to be very beneficial. I believe the one-on-one interaction was the most beneficial to my personal and professional development.	7/11/2016 2:23 PM
18	In the early 2000s, after attending an ICMA event, I asked Frank for some 1:1 coaching advice. We went over my resume and talked about opportunities/options - It was just one session that we had, but Frank was very thoughtful/helpful with his comments -	7/11/2016 1:03 PM
19	Supervisors for whom I worked during my professional career were very helpful and sometimes painful, but effective.	7/11/2016 12:47 PM
20	I still use coaches today to help me work through challenges in the profession.	7/11/2016 11:01 AM
21	Helpful in bringing resolution to problems with governing body.	7/11/2016 10:15 AM
22	Throughout my career I have had mentors who were also coaches. The advantage today is that there is a focus on the value of coaching and training to help all of be more effective in our roles. Today there are also greater opportunities to have a coach outside your organization which I believe is very valuable.	7/11/2016 9:54 AM
23	Provided lots of food for thought - posed questions for me to ponder on, not necessarily expecting a response at that time, which helped me internalize further. Great feedback on what works well, what I need to improve upon, and how best to position myself for the future.	7/11/2016 9:49 AM
24	I found working with a professional coach very rewarding and almost necessary in this profession. This experience allowed me a sounding board with no skin in the game and no hidden agendas or political motivations. It has helped me be a better leader and a better person.	7/11/2016 9:38 AM
25	Even though I said "no" to the question, I have been fortunate to have talented friends and business associates outside the profession that have helped me immensely to problem-solve and/or gain perspective. I have rarely encountered that within the profession. My "peer" coaching has come from private sector CEO groups, and rarely from any of my professional associations within the profession.	7/11/2016 8:48 AM
26	Been many years ago, but that was my inspiration to stay involved.	7/11/2016 8:27 AM
27	I did some extensive executive training outside of just the profession, but applicable to CM work.	7/11/2016 8:01 AM
28	I appreciate the experience and lessons learned from other professionals.	7/8/2016 5:56 PM
29	Not in a formal coaching relationship, but I have received helpful coaching from supervisors and colleagues.	7/8/2016 5:21 PM
30	I've experienced this at a peer-to-peer level, 1-1 with retired executives, and as a small group with a coach/facilitator. I got the most out of the group coaching experience because I liked being able to learn from what others were going through. It was almost easier to apply their take-aways, than to be overly introspective about my own challenges.	7/8/2016 5:04 PM
31	not directly, but rely on my network of professional colleagues for support and advice.	7/8/2016 4:40 PM
32	Not formal coach but I rely upon one or two senior colleagues who are trusted and always give great advice.	7/8/2016 2:13 PM
33	Very satisfying.	7/8/2016 10:17 AM
34	I had a job coach as a MIT back in 2009; which was one of the best things I ever did for myself. She reviewed by resume, prepared me for interviewing and helped me understand what had gone wrong in my pervious position (it was good to have a private, non-govt perspective on what we all do).	7/8/2016 7:37 AM
35	I have sought out advice from senior members when the organization is faced with difficult issues. I rarely seek out advice from senior members for professional "personal" issues; however, the organization-type issues typically "personally" impact me.	7/8/2016 5:42 AM

SURVEY DATA - COACH PERSPECTIVE

36	He encouraged me greatly and built my confidence.	7/7/2016 6:21 PM
37	Guy Larcum, Don Borut, Arthur Bromage, Jack Patriarch. Who could have received better guidance, wisdom, or support than I from such mentors!	7/7/2016 3:17 PM
38	It feels like most coaching happens very early in careers and drops off as we progress. It should stay constant.	7/7/2016 3:06 PM
39	I have had coaches at all stages of my career (and professions). In each case the interactions have been valuable to me from a content, psychological, and inspirational level. Even today at the tail end of my local government career, I have certain stable and knowledgeable individuals that I meet with on a regular basis to have as my reality sounding board. I always find the interactions coach me to either stay the course, make an alteration to the direction I was going, or rethink an idea entirely.	7/7/2016 2:53 PM
40	Routinely use coaching to work with "skip level" leaders in the organization.	7/7/2016 2:30 PM
41	The opportunity to talk with a coach provided the much needed pause in the process. As someone who wants to take action, adding the step to gain other perspectives on issues, results in a more measured and successful approach to issues and dealing with elected officials.	7/7/2016 12:50 PM
42	My Mentor was a Professor of Industrial psychology and he taught me how to communicate effectively both verbally and in written form. He also taught me on ways to approach resolving problems both major and minor issues.	7/7/2016 12:50 PM
43	learned from a coach how to improve commission relations	7/7/2016 11:32 AM
44	I have had informal coaches who are colleagues. I have had other senior members of the profession coach me as I transitioned into my "encore."	7/5/2016 4:04 PM

Q5 What's your interest in sharpening the following coaching skills?

Answered: 134 Skipped: 0

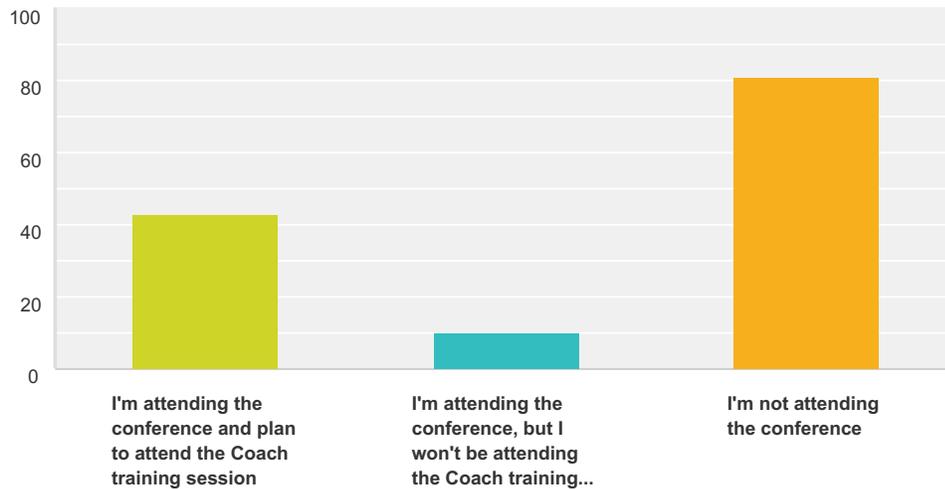


	not interested	somewhat interested	very interested	Total
distinguishing the role of a coach vs. mentor vs. supervisor	18.66% 25	49.25% 66	32.09% 43	134
catalyzing Players' "best brain" thinking	13.43% 18	52.99% 71	33.58% 45	134
learning effective questions to help Players find the answers for themselves	1.49% 2	23.88% 32	74.63% 100	134
being a generous listener	3.73% 5	37.31% 50	58.96% 79	134
keeping the Players in charge of their own choices	3.73% 5	38.81% 52	57.46% 77	134
avoiding conflicts with direction from the Players' supervisors	13.43% 18	58.21% 78	28.36% 38	134
tools to accelerate through obstacles	5.97% 8	38.81% 52	55.22% 74	134
helping Players find ways to create win-win's for themselves and their organizations	2.24% 3	21.64% 29	76.12% 102	134

#	Other (please specify what else you'd like to learn)	Date
1	This is far too academic. These questions suck the humanity out of the coaching program and make it a rigid program. My interest in being a coach is summed up in question 1. I want to give back to the profession because I care about its future success. I don't expect to sharpen coaching skills. I don't refer to my friends as "players." I believe this is going about coaching the wrong way.	7/11/2016 10:37 PM
2	Helping Players identify choices they didn't know they had or couldn't even imagine.	7/11/2016 8:48 AM
3	I am not sure that all obstacles can be accelerated thru. Quick solutions in some situations creates quick disasters. Skill is to learn how to evaluate what issues lend themselves to quick solutions.	7/10/2016 7:42 AM
4	I would like to be involved in the formal ICMA coaching program.	7/7/2016 2:30 PM

Q6 Will you be attending the ICMA Conference September 25-28, 2016, in Kansas City and are you interested in the Coach training session "Being a Great Coach and a Winning Player" at 12:30-1:45 p.m., Tuesday, September 27?

Answered: 134 Skipped: 0



Answer Choices	Responses
I'm attending the conference and plan to attend the Coach training session	32.09% 43
I'm attending the conference, but I won't be attending the Coach training session	7.46% 10
I'm not attending the conference	60.45% 81
Total	134

#	Comment:	Date
1	Member ICMA, 1967 - 2006. Full member since 1979.	7/14/2016 4:37 PM
2	I plan to participate in speed coaching. I have a schedule conflict at the Tuesday time.	7/12/2016 9:38 AM
3	I anticipate attending at this time but haven't made final arrangements yet.	7/12/2016 6:53 AM
4	Likely, but not yet scheduled.	7/12/2016 6:42 AM
5	Have not fully determined my schedule of conference sessions at this point.	7/12/2016 6:32 AM
6	Have a conflict.	7/11/2016 4:46 PM
7	Will this be offered as a webinar at a later date?	7/11/2016 2:42 PM
8	I was not aware of the Coach Training Session, but I will make an effort to attend this session.	7/11/2016 2:23 PM
9	but would be interested in receiving training to improve coaching ability.	7/11/2016 12:47 PM
10	Unsure about attendance; I may have a conflict at that time.	7/9/2016 7:17 AM
11	I have to fly home EARLY on Tuesday morning for a Budget Hearing.	7/8/2016 7:37 AM
12	I was asked by the VLGMA President to volunteer as a Coach.	7/7/2016 4:31 PM
13	Not certain if I will be able to attend this session at this time but would be interrelated if no schedule conflict.	7/7/2016 3:17 PM

SURVEY DATA - COACH PERSPECTIVE

14	I will try to attend the session. I have not analyzed the schedule yet. Lunch meetings are often difficult for me though as I tend to use those times at the conference to assist the ICMA China Center to host delegates from China. If I don't have that obligation on Tuesday in KC, I will plan to attend.	7/7/2016 2:53 PM
15	I can't attend this year, but am definitely interested in helping further the use of coaching on our profession.	7/7/2016 2:30 PM
16	Not certain as of yet	7/7/2016 1:49 PM
17	Subject to schedule conflicts	7/7/2016 1:34 PM
18	Right now I am planning to attend. However that could change	7/7/2016 12:57 PM
19	I am unsure about attendance	7/7/2016 12:50 PM

Q8 Please provide any other comments or suggestions about how to have 1-1 Coaching serve the profession. Thank you!

Answered: 15 Skipped: 119

#	Responses	Date
1	Working in local government from 1960 thru 2014 (see attached resume), I would welcome the opportunity to share my experience, lessons I have learned and ideas with those who are interested. At the age of 76 I remain active physically and mentally and continue to follow the development and changes in the profession. I am in the process of developing an autobiography to share my life and career with the younger members of my family. It might be of interest to a young developing manager. Tommy Martin Combs 508 Allen Street Clinton, NC 28328 Home Phone 910-592-7761 Cell Phone 910-214-5392 Experience Retired in 2002 with 43 years service in city and county government. This includes 31 years in city management and 12 years in city/county planning, community development, and engineering. Additionally, have served in ten city and town manager interim positions. Relevant Exceptional understanding of the manager/council form of government Skills and all city department functions. Excellent management and supervisory skills. Possess sound judgment, verbal and writing skills, ability to work well with people at all levels of society, ability to look at problems from different perspectives, perform well under stress, ability to organize. Possess thorough knowledge of computers and electronic data handling. Experience 2013-14 Interim Town Manager, Kenansville, NC (Dec-July) 2012-13 Interim Town Manager Warsaw, NC (Nov-Apr) 2012 Interim Town Manager Swansboro, NC (Mar- Aug) 2011 Interim Town Manager Red Springs, NC (Jan- July) 2009-10 Interim Town Manager Warsaw, NC (Sept-April) 2009-10 Contract to Develop UDO for Robbins, NC 2009 Interim Town Manager, Robbins, NC (January-June) 2007-08 Interim Town Manager Swansboro, NC (September-April) 2007 Interim Town Manager, Atlantic Beach, NC (January-May) 2006 Consultant to Town of Warsaw, NC (March-Dec.) 2005-06 Interim Town Manager, Town of Warsaw, NC (October-March) 2003 Interim City Manager. City of Elizabeth City, NC (March-October) 1984-2002 City Manager, City of Clinton, NC 1974-1983 City Manager, City of Elizabeth City, NC 1972-1974 City Manager, City of Clinton, NC 1971-1972 Town Manager, Town of Mebane, NC 1967-1971 County Planner, Alamance County, NC 1966-1967 Projects Engineer, Greensboro Redevelopment Commission 1962-1967 Chief Draftsman and Planner, Guilford County, NC 1960-1962 Engineering Aide, City of Greensboro, NC Education Institute of Government, Chapel Hill, NC 1975 Graduate of Municipal Administration Program 1971 Graduate of Community Planning Program 1977 Graduate of Executive Development Program Guilford College, Greensboro, NC 1970 BS Degree in Management and Managerial Economics Professional Life Member of International City Management Association (ICMA) Memberships Life Member of North Carolina City/County Management Association Life Member of NC League of Municipalities	7/12/2016 4:36 PM
2	I think you are on the rights track.	7/12/2016 9:57 AM
3	I think that coaching can be very supportive in listening as individuals discuss their thinking, as well as, providing an example that this is a worthwhile profession.	7/12/2016 9:38 AM
4	It is interesting because members are appreciative of your assistance, have a strong attachment to their position and impact on their community, and most really want to improve.	7/12/2016 6:42 AM
5	This is a fine program and am pleased that it is now national. It is one of the few benefits that ICMA offers - other than the valuable ethics and credentialing - that is not monetized.	7/11/2016 4:46 PM
6	This is a magnificent idea and great endeavor; I am looking forward to assist in any way I can, and to learn from others as well. Thank you!	7/11/2016 2:42 PM
7	I have been participating as a TCMA Coach for the past year. I have worked with a few professionals on a one-on-one basis and it has been beneficial to all involved (I think). I think there needs to be some guidelines and expectations for the role the coaches play in this program. Maybe some guidelines as to how to reach out to others and vice versa.	7/11/2016 2:23 PM
8	I'd like the opportunity to coach outside of my organization - As a woman in a male-dominated field(Public Works) and a non-engineer, I think I have some unique perspectives - I also made a big career shift within my organization (from Planning to Public Works) -	7/11/2016 1:03 PM
9	I hope you'll present case studies that coaches-in-training can respond to and groups can discuss various approaches. Also, please present common mistakes coaches make.	7/11/2016 12:47 PM
10	1-1 Coaching is a valuable service to the profession and should be widely promoted!	7/11/2016 9:38 AM

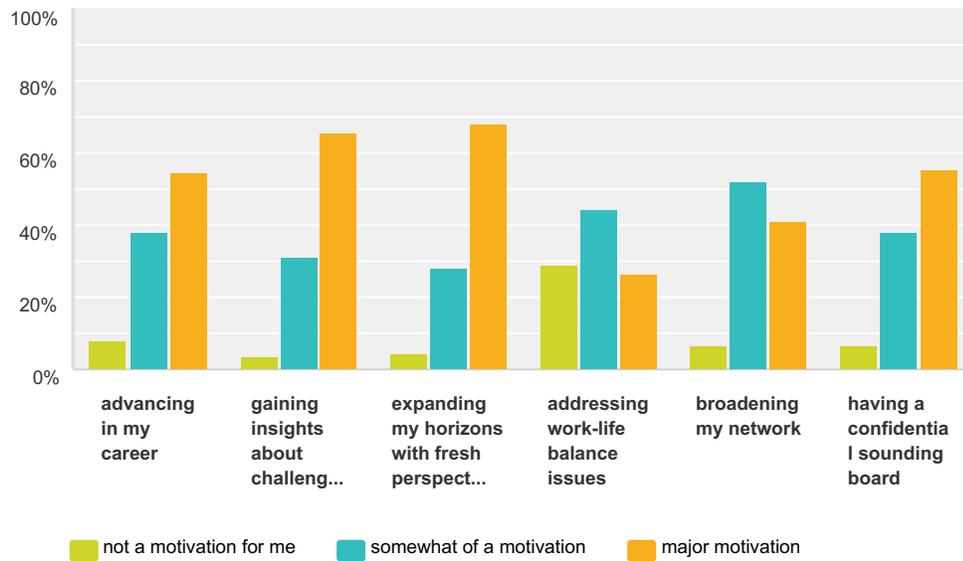
SURVEY DATA - COACH PERSPECTIVE

11	Get out of ourselves. We spend too much time inside the profession and believing ourselves and our jobs to be unique. Our jobs are unique, but not in the way many of us define it. We are corporate CEOs (some of us managing multi-million dollar businesses) and need the altitude and skills associated with that position, along with understanding of the unique challenges of doing that job with transparency and according to public sector laws.	7/11/2016 8:48 AM
12	Suggest adding alternative dispute resolution training as embodied in the Harvard Classic, "Getting To Yes" by Ury.	7/7/2016 6:22 PM
13	I am in rural northern Michigan, attend all Michigan manager meetings, ICMA conferences, Mid-Michigan Mgr meetings. Keeps the old brain alive while I marvel at the innovative problems that today's managers must address.	7/7/2016 3:17 PM
14	This is a great program. I hope ICMA continues the commitment and alignment of this program with formal coaching training programs. I am happy to help.	7/7/2016 2:30 PM
15	Thank you	7/7/2016 1:34 PM

SURVEY DATA
PARTICIPANT PERSPECTIVE

Q1 How do you hope to benefit from coaching?

Answered: 90 Skipped: 0

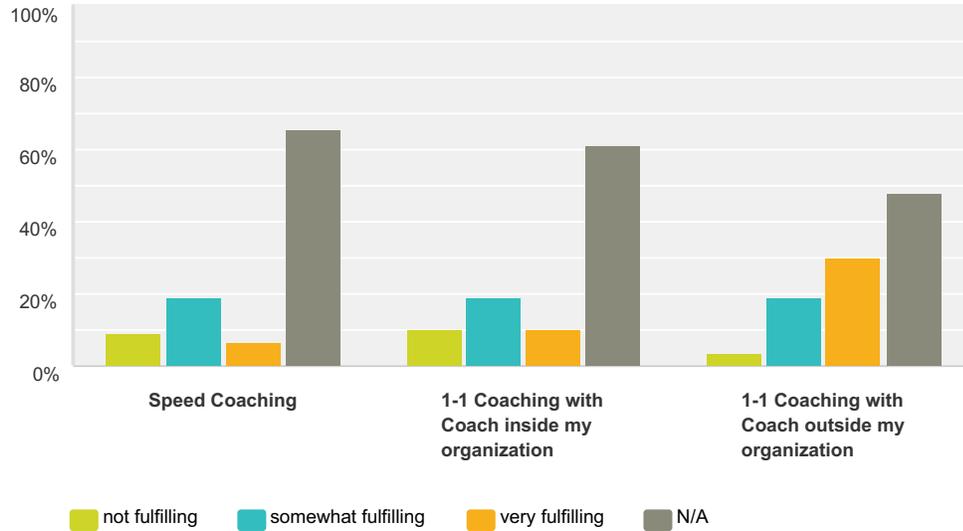


	not a motivation for me	somewhat of a motivation	major motivation	Total	Weighted Average
advancing in my career	7.78% 7	37.78% 34	54.44% 49	90	2.47
gaining insights about challenging issues in my organization	3.33% 3	31.11% 28	65.56% 59	90	2.62
expanding my horizons with fresh perspectives	4.44% 4	27.78% 25	67.78% 61	90	2.63
addressing work-life balance issues	28.89% 26	44.44% 40	26.67% 24	90	1.98
broadening my network	6.67% 6	52.22% 47	41.11% 37	90	2.34
having a confidential sounding board	6.67% 6	37.78% 34	55.56% 50	90	2.49

#	Other (please specify)	Date
1	having their perspective on decisions I have to make professionally or personally.	7/11/2016 10:41 AM
2	Career advice for succeeding early in my career, and within my current/ear-future position(s).	7/8/2016 12:42 PM
3	It would be excellent to include women managers who have had children during their career and can speak to that specific work-life balance issue!	7/8/2016 12:13 PM
4	I question the effectiveness of this type of coaching. I'd be interested in hearing real examples of how coaching has helped individuals.	7/8/2016 11:59 AM
5	Would like to gain insights on having greater control of my work day; being more proficient at producing excellent timely outcomes; improving decision making skills; improving negotiating skills; dealing effectively/constructively with underperforming employees; developing wells to be more resilient in dealing with constant deadlines, pressures, criticisms, conflicts	7/7/2016 1:28 PM

Q2 What's been your experience with coaching? (check N/A if you haven't had an experience)

Answered: 90 Skipped: 0



	not fulfilling	somewhat fulfilling	very fulfilling	N/A	Total
Speed Coaching	8.89% 8	18.89% 17	6.67% 6	65.56% 59	90
1-1 Coaching with Coach inside my organization	10.00% 9	18.89% 17	10.00% 9	61.11% 55	90
1-1 Coaching with Coach outside my organization	3.33% 3	18.89% 17	30.00% 27	47.78% 43	90

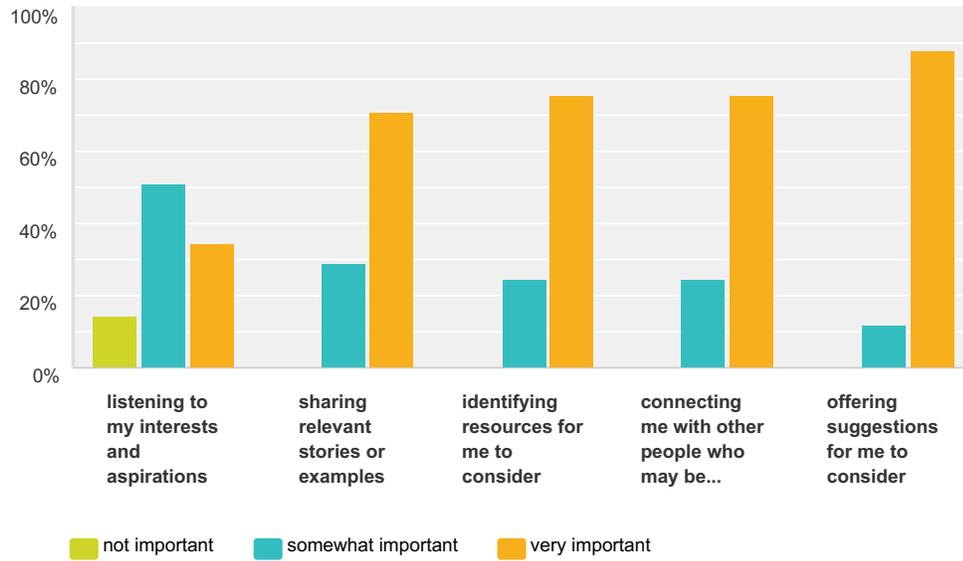
#	Please comment about your coaching experiences:	Date
1	It's nice to have someone to contact who has been a city administrator for many years to bounce ideas off of and to ask questions (and maybe to vent about issues that only administrators understand).	7/14/2016 12:53 PM
2	Speed coaching at the conference is a great start; it can be a gear opportunity to initiate a connection.	7/12/2016 6:33 AM
3	Questions answered by email. Helpful, but a conversation is sometimes more beneficial.	7/12/2016 6:20 AM
4	I met with a coach from ICMA who happened to be in my City visiting family. It was nice to run things by someone not involved in the City and get new ideas.	7/12/2016 6:01 AM
5	I have been able to connect with an ICMA Senior Advisor who has been very helpful, he asks a lot of questions when i am considering something and it forces me to think about things in ways otherwise i have not considered	7/11/2016 10:15 AM
6	Not sure coaching is the answer. Seems to forced.	7/8/2016 11:59 AM
7	The coaching outside our organization was not really structured. When nothing problematic was going on, the session was not very useful. Personality fit seems to be critical.	7/8/2016 7:57 AM
8	None at this time.	7/7/2016 4:45 PM
9	Considered contracting for private coaching but very expensive and not confident I would achieve what I am seeking after making the financial investment	7/7/2016 1:28 PM
10	I like less formalized coaching or small group coaching activities, in addition to a traditional one on one. While those in our field are knowledgeable, seeking perspectives from leaders and peers in other professions can generate new ideas.	7/7/2016 1:11 PM

SURVEY DATA - PARTICIPANT PERSPECTIVE

11	I did get a chance to meet with Oel Wingo one time before she accepted another position. It was really nice to have someone to talk to from outside the area.	7/7/2016 11:38 AM
12	The difficulty in receiving coaching is that every situation, municipality and coach offer differing views, therefore perspectives differ on everything from resume layout and cover letter style to handling situations in the workplace. I have 3 or 4 "coaches," but I think of them more as mentors. All of them see things much differently, even though there are areas of consistency among their views. These differing views help provide me a well-rounded perspective, but they can also leave me wondering which direction is best. It would be nice to hear some basic principals of consistent advice from all coaches across the board.	7/7/2016 11:05 AM
13	Although partnered with a mentor through the Mid-Career Managers program, my mentor provided very little help or assistance and did not seem to be willing to spend any time or effort preparing for or following up on our phone conversations. The mentoring relationship ended as soon as the program was over.	7/7/2016 10:52 AM
14	although it may take a little longer to share information about players, politics, etc. with outside coaches, there are fewer concerns re: keeping information confidential when talking with coaches outside the organization	7/5/2016 4:09 PM

Q3 What would you like from a Coach?

Answered: 90 Skipped: 0

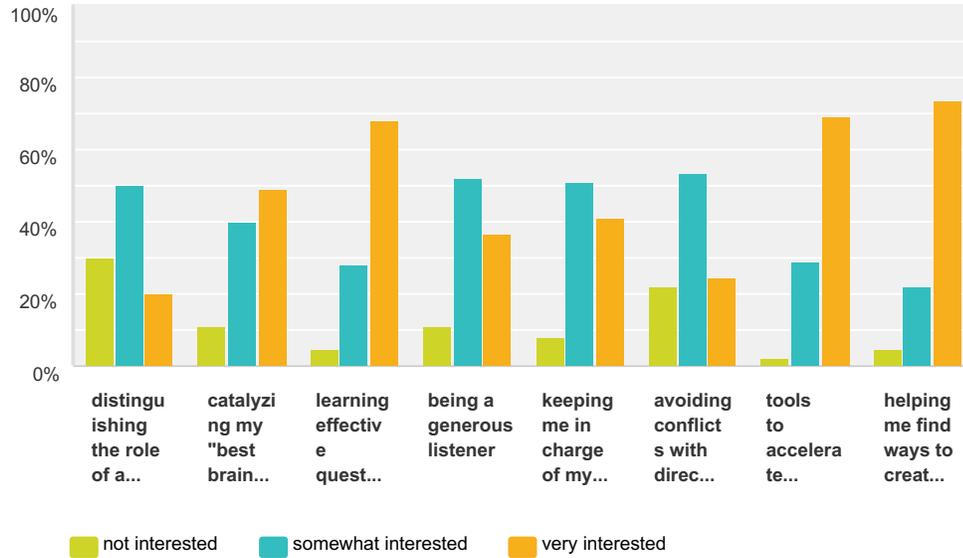


	not important	somewhat important	very important	Total
listening to my interests and aspirations	14.44% 13	51.11% 46	34.44% 31	90
sharing relevant stories or examples	0.00% 0	28.89% 26	71.11% 64	90
identifying resources for me to consider	0.00% 0	24.44% 22	75.56% 68	90
connecting me with other people who may be helpful	0.00% 0	24.44% 22	75.56% 68	90
offering suggestions for me to consider	0.00% 0	12.22% 11	87.78% 79	90

#	Other (please specify)	Date
1	The form in which coaching is offered (e.g. stories, resources, insights) is less important to me than what's included in them. I find context and insights very helpful.	7/12/2016 9:07 AM
2	Their insights based on their experiences on challenges I'm facing personally or professionally.	7/11/2016 10:41 AM
3	Advise on approach would be helpful and available outside of scheduled sessions if necessary via email/phone.	7/8/2016 7:57 AM
4	Someone to assist me to "rethink" my approaches; pose questions or offer suggestions to stimulate looking at my challenges in a different way; who can really assist me to develop concrete steps that I can take to improve my skills; knowledge and leadership and someone to hold me accountable	7/7/2016 1:28 PM
5	Providing alternatives for consideration would be most helpful.	7/7/2016 12:37 PM
6	ability to communicate with one another with ease	7/5/2016 4:09 PM

Q4 What's your interest in learning more about how the following aspects of coaching?

Answered: 90 Skipped: 0

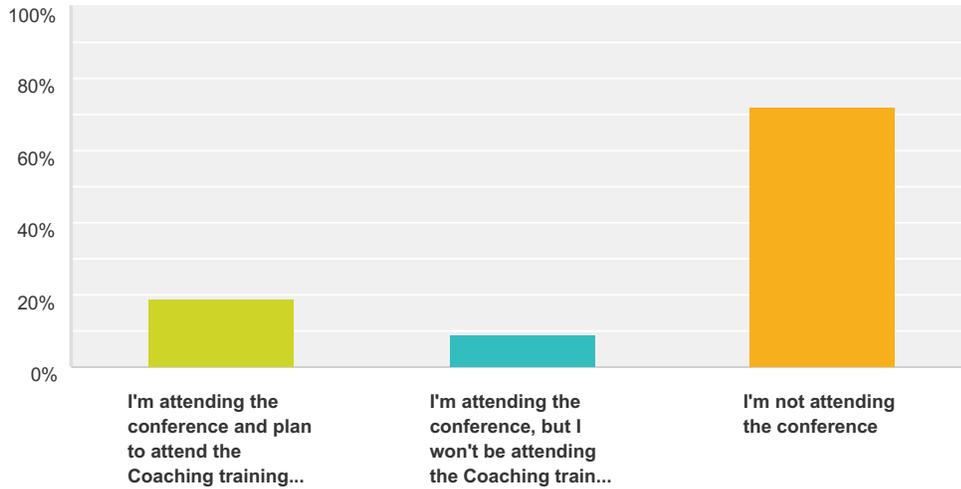


	not interested	somewhat interested	very interested	Total
distinguishing the role of a coach vs. mentor vs. supervisor	30.00% 27	50.00% 45	20.00% 18	90
catalyzing my "best brain" thinking	11.11% 10	40.00% 36	48.89% 44	90
learning effective questions to help me find the answers for myself	4.44% 4	27.78% 25	67.78% 61	90
being a generous listener	11.11% 10	52.22% 47	36.67% 33	90
keeping me in charge of my choices	7.78% 7	51.11% 46	41.11% 37	90
avoiding conflicts with direction from my supervisors	22.22% 20	53.33% 48	24.44% 22	90
tools to accelerate through obstacles	2.22% 2	28.89% 26	68.89% 62	90
helping me find ways to create win-win's for myself and my organization	4.44% 4	22.22% 20	73.33% 66	90

#	Other (please specify what else you'd like to learn)	Date
1	Communication with others inside the organization - examples, exercises fur	7/8/2016 7:57 AM
2	I am not really sure how I should be responding on this question. The question above doesn't make sense to me.	7/7/2016 3:09 PM
3	Career guidance and advice - how to identify personal and professional shortcomings and determine how to address them to best position myself for career advancement	7/7/2016 10:52 AM

Q5 Will you be attending the ICMA Conference September 25-28, 2016, in Kansas City and are you interested in the 1-1 Coaching training session "Being a Great Coach and a Winning Player" at 12:30-1:45 p.m., Tuesday, September 27?

Answered: 90 Skipped: 0



Answer Choices	Responses
I'm attending the conference and plan to attend the Coaching training session	18.89% 17
I'm attending the conference, but I won't be attending the Coaching training session	8.89% 8
I'm not attending the conference	72.22% 65
Total	90

#	Comment:	Date
1	Limited resources does not allow for out of state training.	7/12/2016 6:20 AM
2	I have applied for a scholarship, have not heard yet. Will attend if that comes through and would want to participate in coaching.	7/12/2016 6:01 AM
3	I am unable to attend the conference this year	7/11/2016 10:15 AM
4	I would love to, but don't really have the funding or the flexibility to do so!	7/8/2016 12:42 PM
5	I am attending the conference but haven't picked sessions to attend yet.	7/8/2016 9:59 AM
6	I hadn't thought of attending a coaching training session. May consider it.	7/8/2016 7:57 AM
7	Will be attending the SEI Leadership program with the University of Virginia.	7/7/2016 3:04 PM
8	One of my challenges is my lack of getting out of the office and networking.	7/7/2016 1:28 PM
9	I am attending the conference but don't know the schedule yet.	7/7/2016 12:34 PM
10	I'm not sure if I will be attending yet.	7/7/2016 11:05 AM
11	I have not selected my sessions yet. At first glance this would not be a session I would attend given the high quality of other sessions typically offered.	7/7/2016 10:52 AM

Q7 Please provide any other comments or suggestions about what would be useful for 1-1 Coaching to serve your career and professional interests. Thank you!

Answered: 11 Skipped: 79

#	Responses	Date
1	I really struggle with the concept of coaching, as it puts one person in the 'knowledge' seat and the the other in the 'learning' seat. I believe that individuals early in their career have as much to offer those more experienced. Sure, the person with more experience can speak from their lessons learned, etc but the other may offer new ways to look at old problems. I would not likely sign-up for a program that positions one person as the coach and the other as the learner.	7/12/2016 4:42 AM
2	Help me find one.	7/11/2016 7:31 AM
3	Thank you for all you do for new and seasoned administrators!	7/11/2016 7:08 AM
4	I haven't had the chance to participate in these coaching opportunities, but certainly plan to do so in the future! Thank you!	7/8/2016 12:42 PM
5	I graduated with an MPA and have been having trouble bridging the gap out of higher education and into local government, which is where I really want to be. Some coaching from someone outside of the organization would be helpful. Since I don't work in local government yet, building these connections organically can be difficult and since I self-fund all of my professional development going to conferences to do speed coaching events isn't always a financial reality.	7/8/2016 9:43 AM
6	Coaching is very important to our younger generation aspiring to be administrators. It seems the wisdom of those embarking retirement needs to be conveyed to the younger administrators so that communities can move in a positive direction in a complex and ever changing world.	7/8/2016 6:35 AM
7	I would like to develop an executable professional development plan that targets specific challenges for a period of time in a methodical way before moving on to making improvements in another area.	7/7/2016 1:28 PM
8	none.	7/7/2016 12:55 PM
9	Situational scenarios work best for me, with ability to talk through best approaches for each.	7/7/2016 12:37 PM
10	I don't really think the terms "coach" and "player" are inclusive of all types of people, so that terminology may be a bit off-putting to potential "players"	7/7/2016 11:12 AM
11	Advice for "up-and-comers" on landing that first CM or ACM job and how to beat out more experienced individuals.	7/7/2016 11:05 AM

APPENDIX D

FOCUS GROUPS

League of California Cities - Central Coast Division
League of California Cities - Orange County Division
League of California Cities - LCC NORCAL Division
California Administrative Officers Association of California (CAOAC)
Contra Costa/Alameda Counties
County Personnel Administrators Association of California (CPAAC)
League of California Cities - Central Valley Division
League of California Cities - San Diego County Division
League of California Cities - Los Angeles County Division
League of California Cities - Inland Empire Division
California Special Districts Association (CSDA)
Municipal Management Association of Northern California (MMANC)
Municipal Management Association of Southern California (MMASC)



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Leading the social enterprise: Reinvent with a human focus

2019 Deloitte Global Human Capital Trends

Deloitte's Human Capital professionals leverage research, analytics, and industry insights to help design and execute the HR, talent, leadership, organization, and change programs that enable business performance through people performance. Visit the Human Capital area of [Deloitte.com](https://www.deloitte.com) to learn more.

Introduction

Leading the social enterprise: Reinvent with a human focus

IN 2019, AN intensifying combination of economic, social, and political issues is challenging business strategies. Faced with the relentless acceleration of artificial intelligence (AI), cognitive technologies, and automation, 86 percent of respondents to this year’s Global Human Capital Trends survey believe they must reinvent their ability to learn. After nearly 10 years of economic growth,¹ and despite a pervasive corporate focus on digital transformation, 84 percent of respondents told us they need to rethink their workforce experience to improve productivity. And in the face of new pressures to move faster and adapt to a far more diverse workforce, 80 percent believe they need to develop leaders differently.

While these may seem like timeless human capital problems, today they are arising in a whole new context: the social enterprise. In last year’s *Global Human Capital Trends* report, we described the rise of the social enterprise—organizations whose mission combines revenue growth and profit-making with the need to respect and support its environment and stakeholder network. This year, we believe the pressures that have driven the rise of the social enterprise have become even more acute. They are forcing organizations to move beyond mission statements and philanthropy to learn to *lead* the social enterprise—and reinvent themselves around a human focus.

Leading the social enterprise

When CEOs were asked to rate their most important measure of success in 2019, the number-one issue they cited was “impact on society, including

WHAT IS A SOCIAL ENTERPRISE?

A social enterprise is an organization whose mission combines revenue growth and profit-making with the need to respect and support its environment and stakeholder network. This includes listening to, investing in, and actively managing the trends that are shaping today’s world. It is an organization that shoulders its responsibility to be a good citizen (both inside and outside the organization), serving as a role model for its peers and promoting a high degree of collaboration at every level of the organization.

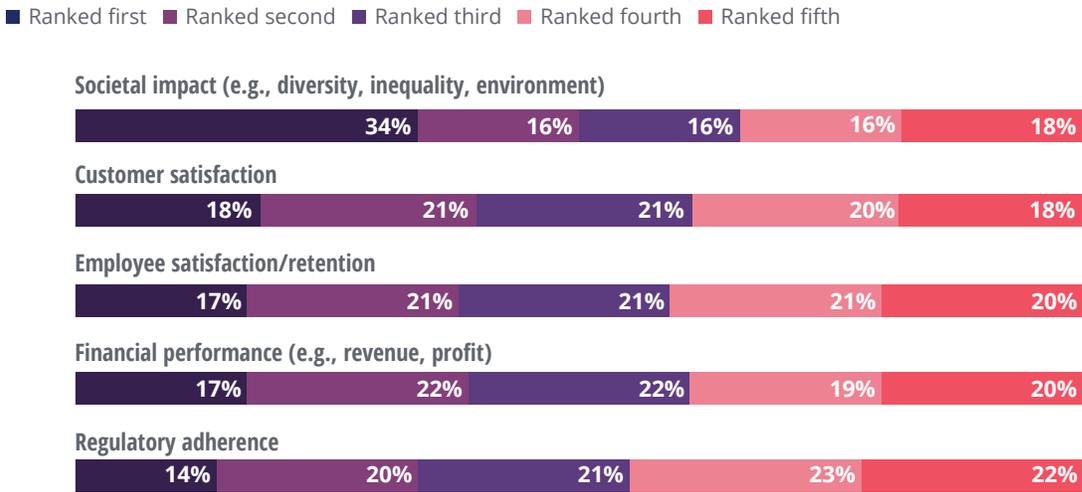
income inequality, diversity, and the environment,”² showing the urgency of this issue (figure 1).

But while CEOs have recognized the issue, they certainly haven’t solved for it. That’s because leading a social enterprise is not the equivalent of practicing corporate social responsibility. Nor is it about engaging in social impact programs or defining a purpose or mission statement—though all of these are also important in their own right. Leading a social enterprise is about recognizing that, while businesses must generate a profit and deliver a return to shareholders, they must do so while also improving the lot of workers, customers, and the communities in which we live. And in today’s world, with today’s societal challenges, fulfilling this aim requires reinvention on a broad scale.

We are not alone in this view. Deloitte’s global research on leadership in the Fourth Industrial

FIGURE 1

Respondents cited societal impact most often as the top factor used to measure success when evaluating annual performance



Note: Percentages may not total 100 percent due to rounding.
 Source: Deloitte and Forbes Insights, *Success personified in the Fourth Industrial Revolution: Four leadership personas for an era of change and uncertainty*, Deloitte Insights, January 20, 2019.

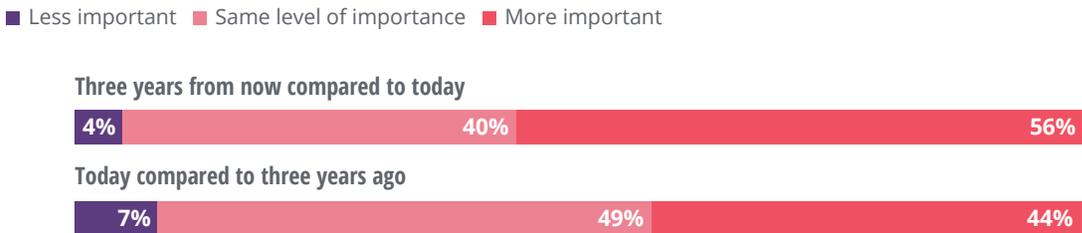
Revolution underscores the value CEOs and business leaders place on societal impact and connection, and its importance in measuring success when evaluating annual business performance.³ And this year’s Global Human Capital Trends survey, which polled nearly 10,000 respondents in 119 countries, not only confirmed this trend by showing accelerating growth in the role of the social enterprise (figure 2), but also supported the social enterprise’s positive link to financial performance (figure 3).

Reinvent with a human focus

There is no question that the Fourth Industrial Revolution is bringing disruption to the political, economic, and social fabric—and this disruption is having an impact on work, workers, and employers as never before. Issues such as income inequality, wages, and the role of businesses in society are all under debate, and the tensions underlying the social enterprise are being reflected in labor, regulatory,

FIGURE 2

The social enterprise is becoming more important to organizations over time



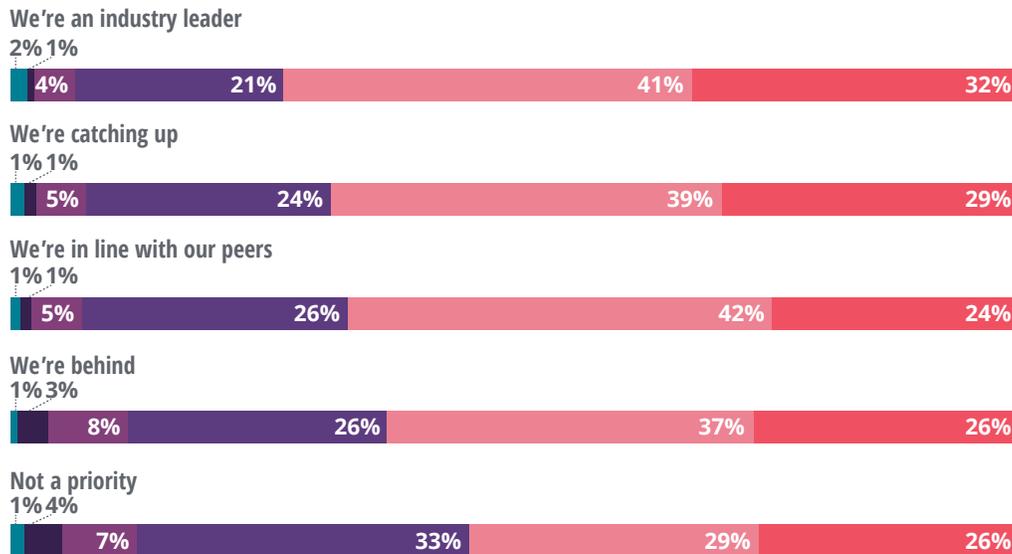
Source: Deloitte Global Human Capital Trends survey, 2019.

FIGURE 3

More-mature social enterprises anticipated greater growth in the year ahead

How mature is your organization as a social enterprise?

- No response ■ Less than -10% growth compared to 2018
- Between -1% to -10% growth compared to 2018 ■ Similar growth compared to 2018
- Between 1% to 10% growth compared to 2018 ■ Greater than 10% growth compared to 2018



Note: Percentages may not total 100 percent due to rounding.
Source: Deloitte Global Human Capital Trends survey, 2019.

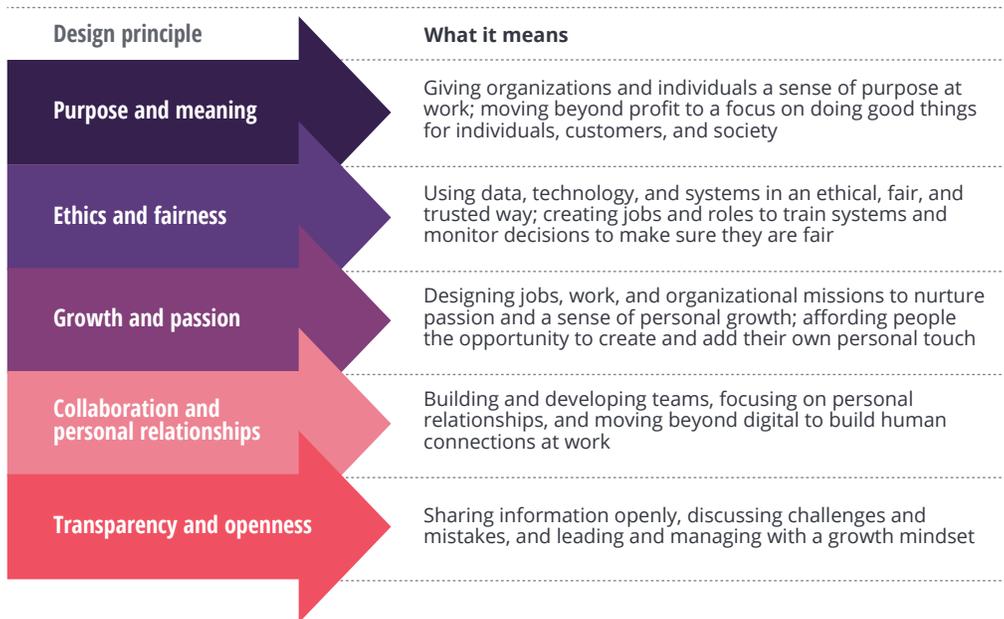
and community concerns around the world. For example, in 2018, the United States experienced 20 major work stoppages involving 485,000 workers—the most since 2007—with strikes in the education sector by far the most frequent.⁴ Meanwhile, after more than 40 years of nominal pay growth in the United States, purchasing power after adjusting for inflation has barely budged.⁵ Income inequality has increased in many developed economies, including the United States, where the bottom 90 percent of earners have only seen a 5 percent wage increase in the last 18 years,⁶ and in China, where income inequality has grown rapidly.⁷

The magnitude of the disruptions to work, workers, and the workforce—and their consequent impact on employers—are why we have deliberately chosen the word “reinvent.” Reinvention goes back to the core—the foundation of an organization. This is not about tinkering at the edges. Why? Because

with regard to work, the workforce, and the workplace, there is much work to be done. Eighty-five percent of employees around the world are not engaged or are actively disengaged from their jobs.⁸ People are working more hours, and problems of financial and mental stress seem to be at a peak. Some experts attribute the high suicide rate among young men in Japan to an increase in “precarious employment,” in which young people are employed on short-term contracts.⁹ Yet in the United States, more than 40 percent of the workforce now works on a contingent basis,¹⁰ and more than two-thirds of millennial and Generation Z workers work “side hustles” to help make ends meet.¹¹ More than 50 percent of respondents to this year’s Global Human Capital Trends survey told us that they thought their employees would have an easier time finding a new job with a new employer than within their current organization. And research now shows that the

FIGURE 4

Human principles for the social enterprise: Benchmarks for reinvention



Source: Deloitte Global Human Capital Trends survey, 2019.

No. 1 reason people quit their jobs is the “inability to learn and grow.”¹²

Demographic changes are also driving a rethinking of who, exactly, employers need to engage for work. The birth rate in many developed countries is below replacement level¹³ (in both the United States and the United Kingdom, the fertility rate is 1.9 children per woman),¹⁴ and the fastest-growing segment of the workforce in the United States is now those above age 55.¹⁵ Societies have benefited from an increase in life expectancy through the science of health, but we aren’t sure what jobs, careers, or roles workers should have in these longer lives.

Finally, as automation becomes more prevalent in the workplace, we see a need to put meaning back into work. Whether it’s algorithms figuring out what tasks workers should perform, nudges encouraging workers to behave a certain way, or data indicating who a worker is and what matters to them, technology has not only invaded the workplace, but is shaping and monitoring individuals’ identities at work. In many ways, technology has leaped ahead of leaders and organizations, and the human element needs to catch up.

To help guide organizations through the reinvention, we posit a set of human principles for the social enterprise (figure 4). These five principles frame the “human focus” for the social enterprise and serve as benchmarks against which we can measure any action or business decision that could potentially affect people. Because the paradox of today is that while we live in a world of amazing technology, it is—and always will be—human potential that moves us forward.

2019’s 10 human capital trends

The five design principles for the social enterprise give us the *why* for reinvention. But *where* can we direct our efforts in order to make a meaningful impact? To address this question, we have organized our human capital trends for 2019 into three actionable categories. The first deals with *the future of the workforce*: how organizations should adapt to the forces restructuring job and work design, the open talent economy, and leadership. The second deals with *the future of the*

organization: how teams, networks, and new approaches to rewards are driving business performance. And the third deals with *the future of HR*: how the function is stepping up to the challenge of redesigning its capabilities, technologies, and focus to lead transformation in HR and across the enterprise.

THE FUTURE OF THE WORKFORCE

The alternative workforce: It's now mainstream. For years, many considered contract, freelance, and gig employment to be “alternative work,” options supplementary to full-time jobs. Today, this segment of the workforce has grown and gone mainstream even as talent markets have tightened, leading organizations to look strategically at all types of work arrangements in their plans for growth. Best practices to access and deploy alternative workers are just now being invented. If the economy continues to grow, organizations must be more flexible in adapting to these new work arrangements, and plan to use them in a strategic way.

From jobs to superjobs. A vast majority of organizations told us they expect to increase or significantly increase their use of AI, cognitive technologies, robotic process automation, and robotics over the next three years. As organizations adopt these technologies, they're finding that virtually every job must change, and that the jobs of the future are more digital, more multidisciplinary, and more data- and information-driven. Paradoxically, to be able to take full advantage of technology, organizations must redesign jobs to focus on finding the human dimension of work. This will create new roles that we call “superjobs”: jobs that combine parts of different traditional jobs into integrated roles that leverage the significant productivity and efficiency gains that can arise when people work with technology.

Leadership for the 21st century: The intersection of the traditional and the new. Developing leaders is the perennial issue of our time. Eighty percent of survey respondents told us that leadership was an important or very important issue, and 80 percent of respondents said that “21st-century leaders” face unique and new requirements. To be effective in the 21st century, leaders must take a nuanced approach to pursuing traditional business

goals: an approach that takes into account the new context in which such goals must be achieved, and that draws on critical new competencies—including leading through change, embracing ambiguity and uncertainty, and understanding digital, cognitive, and AI-driven technologies—to get there.

THE FUTURE OF THE ORGANIZATION

From employee experience to human experience: Putting meaning back into work. One of the biggest challenges we identified this year is the need to improve what is often called the “employee experience”: Eighty-four percent of our survey respondents rated this issue important, and 28 percent rated it urgent. But the concept of employee experience falls short in that it fails to capture the need for meaning in work that people are looking for. We see an opportunity for employers to refresh and expand the concept of “employee experience” to address the “human experience” at work—building on an understanding of worker aspirations to connect work back to the impact it has on not only the organization, but society as a whole.

Organizational performance: It's a team sport. The shift from hierarchies to teams is well underway. Thirty-one percent of survey respondents told us they now operate mostly or almost wholly in teams, with another 65 percent saying they are mostly hierarchical but with some cross-functional team-based work. Yet most organizations have not yet refreshed leadership, job design, and rewards to adapt. Our research shows that many leaders do not know how to operate in teams and have not yet adopted the team model of engaging with each other. Deeper in the enterprise, many organizations are still struggling to build programs and incentives that support teaming as well. In 2019, technology is making team models of work easier: Organizations must now refresh the rest of our talent practices to keep up.

Rewards: Closing the gap. Organizations are exploring a dizzying array of perks and rewards to motivate their people. But they are not keeping up: In our 2019 survey, only 11 percent of respondents told us their rewards systems were highly aligned with their organizational goals, and 23 percent reported that they did not know what rewards their workers value. How can organizations develop

rewards that align with more agile models for performance measurement and management, and at the same time address workers' legitimate expectations and needs? A focus on building relationships with workers—and eschewing external benchmarking in favor of curating a differentiated suite of rewards—can help organizations close the gap.

THE FUTURE OF HR

Accessing talent: It's more than acquisition. In this 11th year of the economic recovery, recruiting has become harder than ever. As the job market remains competitive and organizations' skills requirements undergo rapid change, it's time for organizations to think about how they can continuously “access talent” in varying ways: mobilizing internal resources, finding people in the alternative workforce, and strategically leveraging technology to augment sourcing and boost recruiting productivity.

Learning in the flow of life. The number-one trend for 2019 is the need for organizations to change the way people learn; 86 percent of respondents cited this as an important or very important issue. It's not hard to understand why. Evolving work demands and skills requirements are creating an enormous demand for new skills and capabilities, while a tight labor market is making it challenging for organizations to hire people from outside. Within this context, we see three broader trends in how learning is evolving: It is becoming more integrated with work; it is becoming more personal; and it is shifting—slowly—toward lifelong models. Effective reinvention along these lines requires a culture that supports continuous learning, incentives that

motivate people to take advantage of learning opportunities, and a focus on helping individuals identify and develop new, needed skills.

Talent mobility: Winning the war on the home front. As organizations globalize and compete aggressively for top talent, the importance of internal, enterprisewide talent mobility has become paramount. Organizations can no longer expect to source and hire enough people with all the capabilities they need; they must move and develop people internally to be able to thrive. A new set of norms governing internal mobility is needed to do this well. At leading organizations, mobility should be perceived as a natural, normal progression instead of as a major change in one's career; opportunities to move should be extended to workers at all levels, not just managers and team leaders; and technology should enable a streamlined mobility process for moves between functions, jobs, and projects as well as geographies.

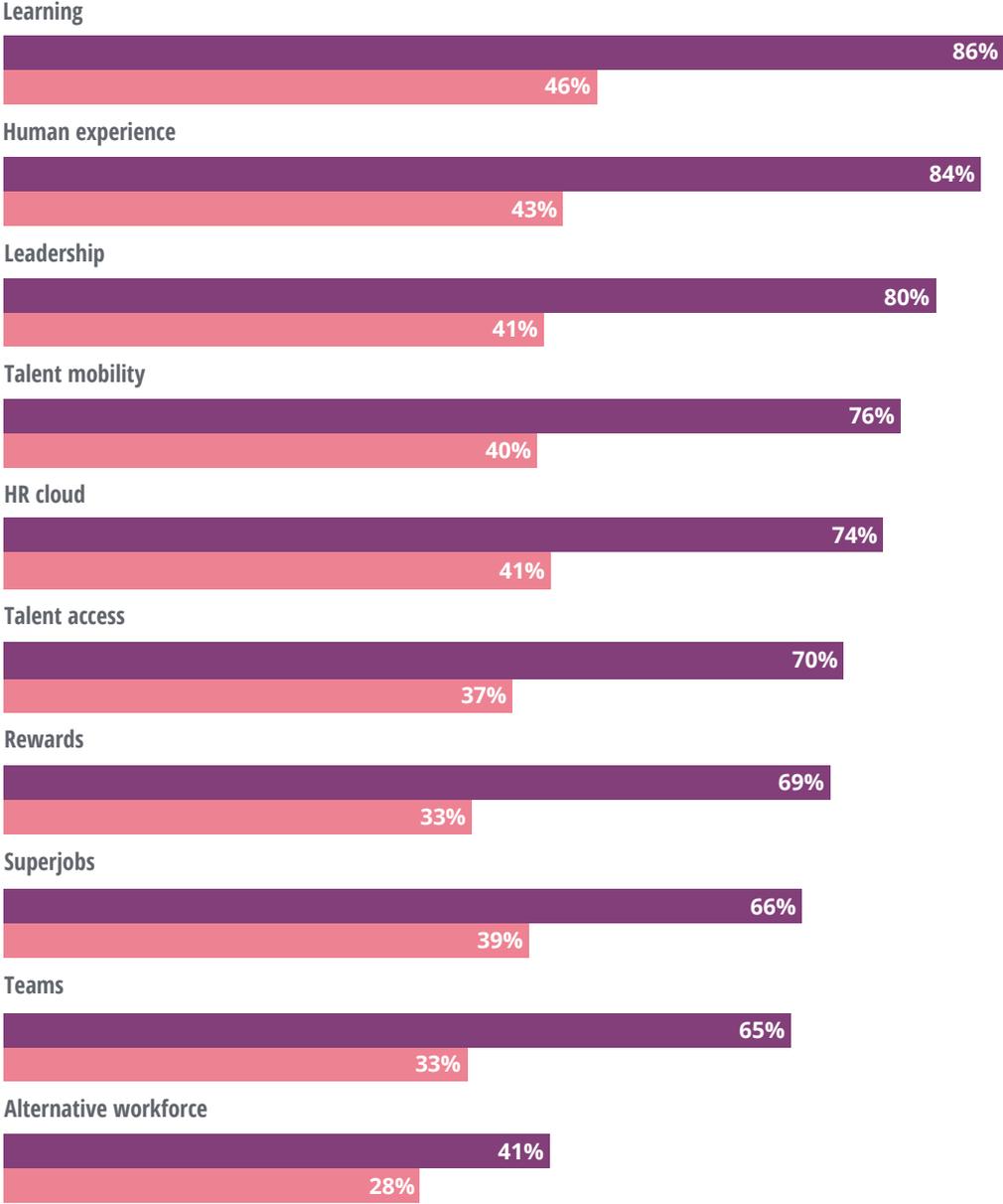
HR cloud: A launch pad, not a destination. Cloud computing has gone mainstream, and organizations have spent millions on new platforms to make HR systems more engaging, personalized, and data-driven. Yet while cloud systems have gone a long way toward integrating the messy back office of HR, they aren't all that's needed to better support innovation, raise employee productivity, and lower cost. In 2019, organizations must rethink their HR technology strategy, considering cloud as a foundation and exploring innovative new platforms, automation, and AI-based tools to complement their core systems.



FIGURE 5

Importance outstrips readiness for all 10 trends

■ Important or very important ■ Ready or very ready



Source: Deloitte Global Human Capital Trends survey, 2019.

We recognize that reinvention can be a daunting prospect, especially when our survey shows that many organizations are not ready to address the changes our 10 trends describe (figure 5). That is why, this year, we have focused not only on the *why* and the *what*, but also the *how*. Depending on your organization’s readiness and need to change, reinvention can happen in one of three ways. You can *refresh*: Update and improve the way things happen now. You can *rewire*: Create new connections that change the strategic direction. Or you can *recode*: Start over and design from scratch. Either way, there are two aspects of the reinvention that remain constant: (1) it must involve technology in

some way—there is no path to reinvention without it and (2) it must be a bold enough change to meet the challenges that the social enterprise presents; remember, this is not about tinkering at the edges.

In each of the following chapters, you will find one of these three modes of reinvention noted as a suggested starting point. Which of these efforts is best to undertake in which domain for any particular organization is a conversation for leaders across the enterprise to have (figure 6). But regardless of the path taken, the aim should remain constant: a renewed human focus in a world where profits meet purpose, talent trumps technology, and the social enterprise reigns supreme.

FIGURE 6

Three domains for reinvention, three approaches to change

	 Refresh	 Rewire	 Recode
Future of the workforce	<ul style="list-style-type: none"> • Leadership 	<ul style="list-style-type: none"> • Alternative workforce 	<ul style="list-style-type: none"> • Superjobs
Future of the organization	<ul style="list-style-type: none"> • Human experience • Rewards • Teams 		
Future of HR		<ul style="list-style-type: none"> • Talent access • HR cloud 	<ul style="list-style-type: none"> • Talent mobility • Learning

Source: Deloitte analysis.

Endnotes

1. The National Bureau of Economic Research, "US business cycle expansions and contractions," accessed February 20, 2019.
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Appendix A

Trend importance and urgency

FIGURE 7

Trend importance by region

	All respondents	Africa	Asia	Central and Eastern Europe	Latin and South America	Middle East	Nordic countries	North America	Oceania	Western Europe
Learning	86%	90%	86%	84%	90%	88%	89%	88%	91%	81%
Human experience	84%	88%	86%	82%	89%	90%	86%	85%	85%	75%
Leadership	80%	85%	86%	81%	79%	84%	81%	83%	81%	72%
Talent mobility	76%	81%	79%	71%	81%	78%	74%	75%	78%	70%
HR cloud	74%	82%	75%	71%	78%	85%	68%	75%	77%	68%
Talent access	70%	79%	74%	67%	73%	77%	71%	68%	75%	64%
Rewards	69%	78%	75%	67%	79%	76%	54%	63%	65%	59%
Superjobs	66%	79%	72%	63%	70%	75%	55%	62%	61%	60%
Teams	65%	72%	65%	56%	74%	69%	63%	57%	71%	62%
Alternative workforce	41%	43%	45%	35%	52%	52%	28%	32%	44%	35%

Note: Percentages represent the percent of respondents who said the topic was important or very important to their organization's future success in the next 12 to 18 months.

Source: Deloitte Global Human Capital Trends survey, 2019.

FIGURE 8

Trend importance by industry

	All industries	Consumer	Energy, re- sources, and industrials	Financial services	Government and public services	Life sciences and health care	Professional services	Technol- ogy, media & telecom
Learning	86%	86%	85%	89%	84%	82%	87%	89%
Human experience	84%	85%	83%	86%	80%	83%	85%	85%
Leadership	80%	80%	81%	81%	72%	79%	79%	82%
Talent mobility	76%	75%	78%	80%	73%	75%	75%	79%
HR cloud	74%	76%	74%	79%	72%	70%	73%	76%
Talent access	70%	70%	67%	75%	69%	70%	71%	73%
Rewards	69%	72%	68%	72%	55%	67%	70%	72%
Superjobs	66%	69%	69%	68%	65%	63%	64%	65%
Teams	65%	63%	60%	71%	56%	60%	71%	70%
Alternative workforce	41%	38%	37%	38%	34%	34%	55%	44%

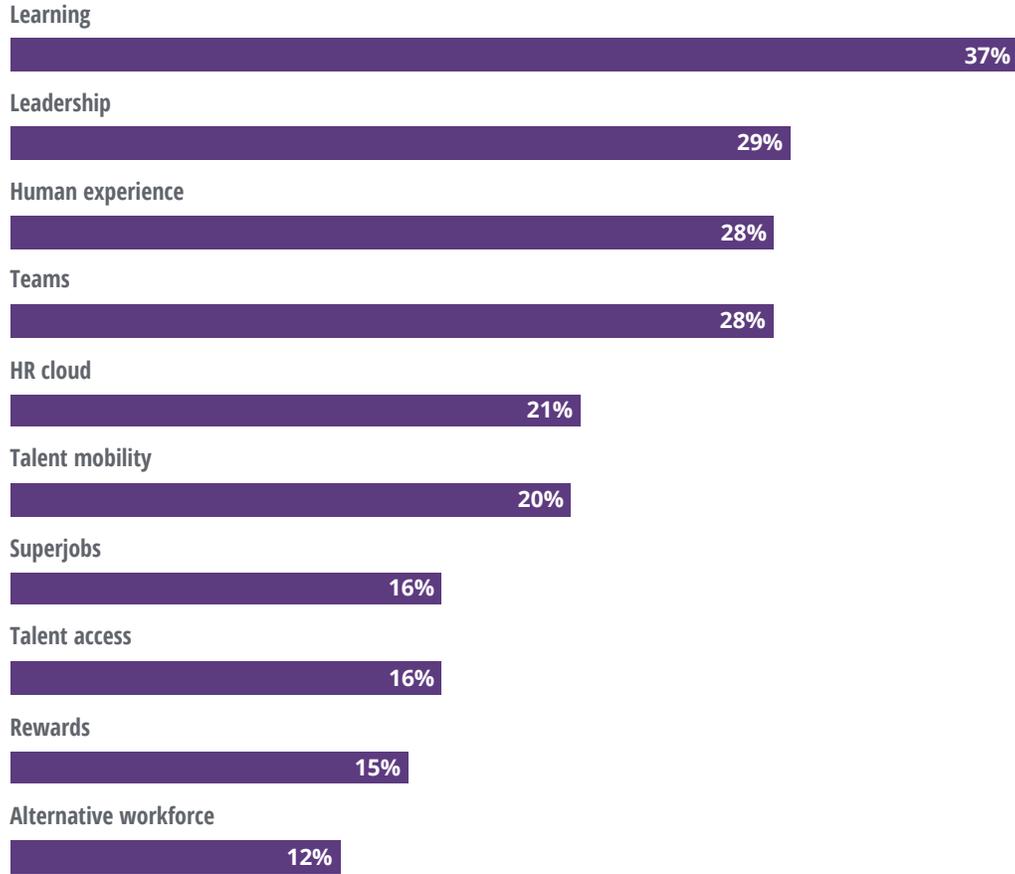
Note: Percentages represent the percent of respondents who said the topic was important or very important to their organization's future success in the next 12 to 18 months.

Source: Deloitte Global Human Capital Trends survey, 2019.

FIGURE 9

Trend urgency

Please select the three topics that are most urgent to your organization moving into 2019.



Note: Percentages represent the percent of respondents who indicated the topic was one of the three most urgent their organization is facing moving into 2019.

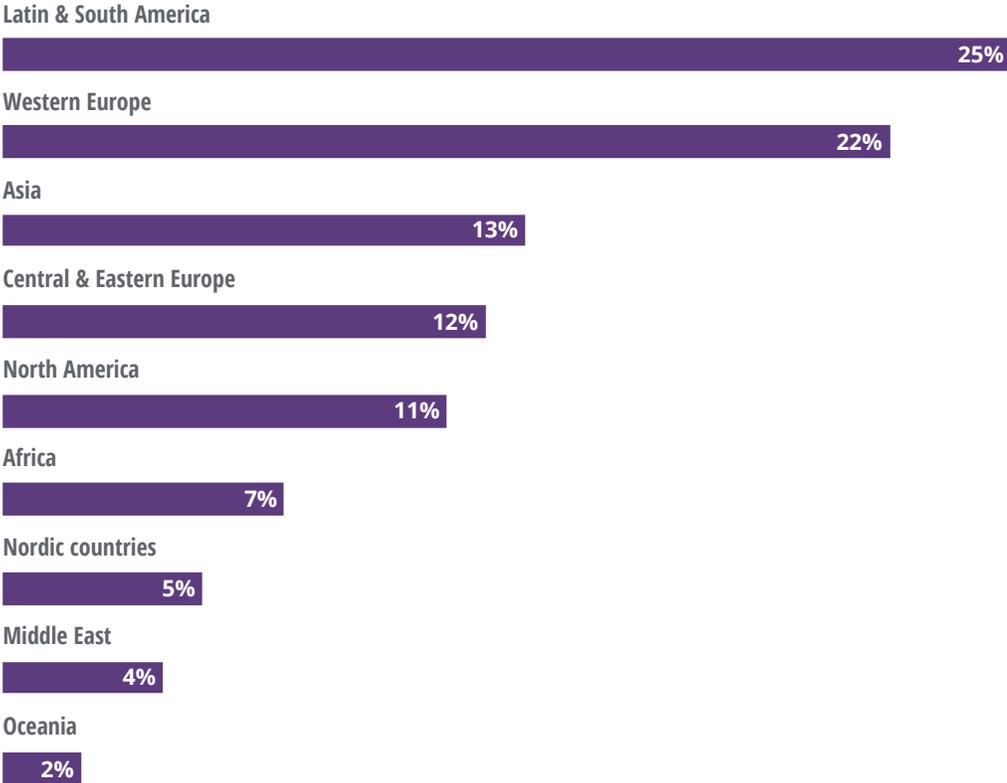
Source: Deloitte Global Human Capital Trends survey, 2019.

Appendix B

Demographics

FIGURE 10

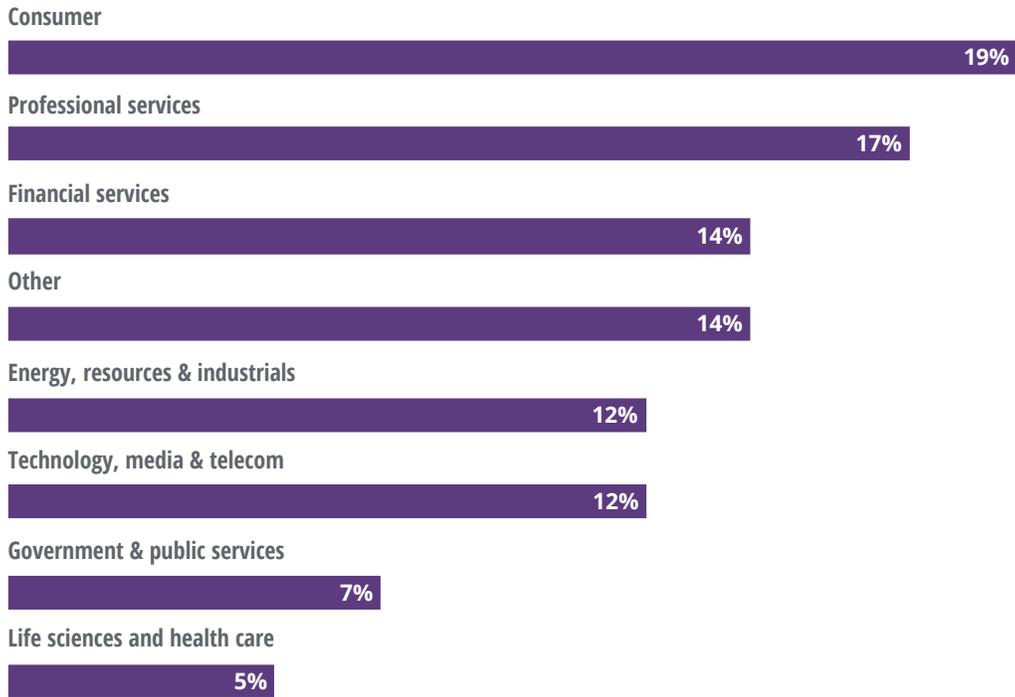
Respondents by region



Source: Deloitte Global Human Capital Trends survey, 2019.

FIGURE 11

Respondents by industry

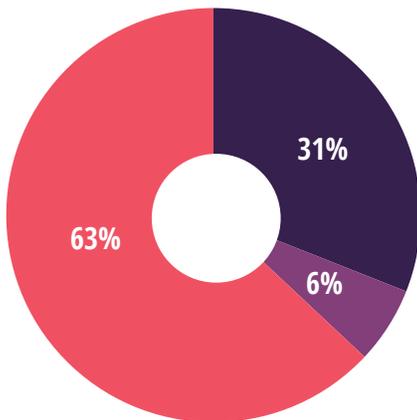


Source: Deloitte Global Human Capital Trends survey, 2019.

FIGURE 12

Respondents by function

■ HR ■ Neither HR nor IT ■ IT

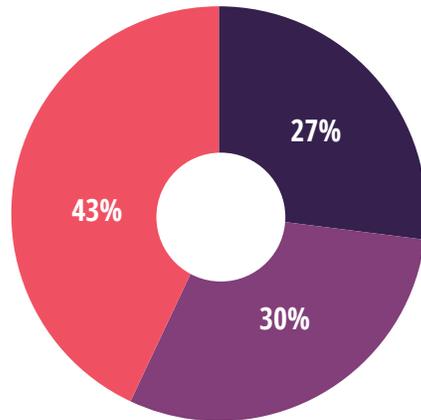


Source: Deloitte Global Human Capital Trends survey, 2019.

FIGURE 13

Respondents by organization size (number of employees)

■ Small (1 to 1,000) ■ Large (10,001+) ■ Medium (1,001 to 10,000)

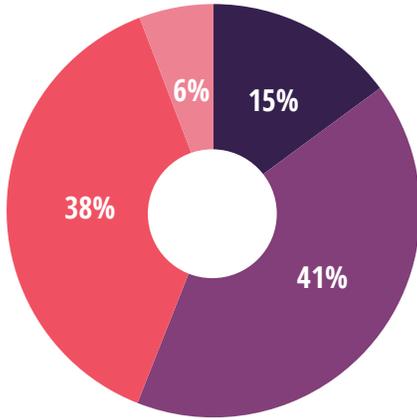


Source: Deloitte Global Human Capital Trends survey, 2019.

FIGURE 14

Respondents by level

■ Mid-level ■ Vice president ■ C-suite
■ Individual contributor



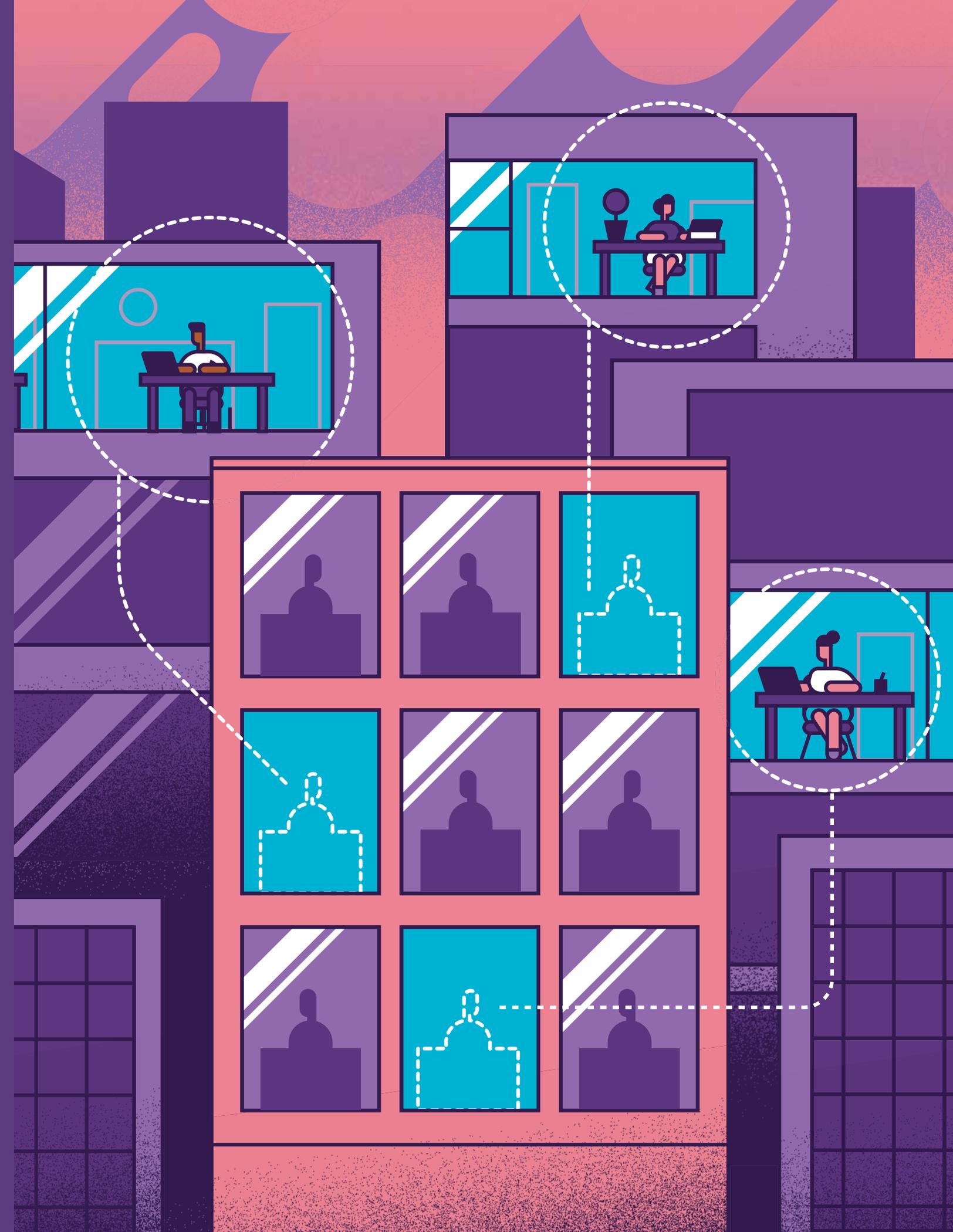
Source: Deloitte Global Human Capital Trends survey, 2019.

FIGURE 15

Respondents by country

	Number of respondents		Number of respondents		Number of respondents
United States	844	Chile	232	Turkey	164
Germany	606	Ukraine	232	Norway	148
Belgium	455	India	225	El Salvador	140
Japan	375	People's Republic of China	215	Peru	139
Mexico	368	Brazil	194	Guatemala	134
South Africa	345	France	189	Netherlands	134
Poland	300	Finland	188	Australia	122
Costa Rica	261	United Kingdom	185	Argentina	120
Ecuador	246	Colombia	184	Indonesia	116
Canada	240	Russian Federation	175	Denmark	113
				Others	2,064
				Total	9,453

Source: Deloitte Global Human Capital Trends survey, 2019.



The alternative workforce

It's now mainstream

For many years, people viewed contract, freelance, and gig employment as “alternative work,” options considered supplementary to full-time jobs. Today, this segment of the workforce has gone mainstream, and it needs to be managed strategically. Given growing skills shortages and the low birth rate in many countries, leveraging and managing “alternative” workforces will become essential to business growth in the years ahead.

ORIGINALLY CONCEIVED OF as contract work, “alternative” work today includes work performed by outsourced teams, contractors, freelancers, gig workers (paid for tasks), and the crowd (outsourced networks). The world is seeing rapid growth in the number of people working under such arrangements. By 2020, for instance, the number of self-employed workers in the United States is projected to triple to 42 million people.¹ Freelancers are the fastest-growing labor group in the European Union, with their number doubling between 2000 and 2014; growth in freelancing has been faster than overall employment growth in the United Kingdom, France, and the Netherlands.² And many people are alternative workers part-time: Deloitte’s latest millennial study found that 64 percent of full-time workers want to do “side hustles” to make extra money.³

For organizations that want to grow and access critical skills, managing alternative forms of employment has become critical. Many countries are seeing declining birth rates,⁴ reducing the size of the labor pool. Forty-five percent of surveyed

employers worldwide say they are having trouble filling open positions, the largest such percentage

ALTERNATIVE WORK COMES IN MANY SHAPES AND SIZES

- **Alternative workforce:** Includes contractors, freelance/independent workers, gig, and crowd workers.
- **Freelance/independent workers:** Workers who extend the core employee workforce and are typically paid by the hour, day, or other unit of time.
- **Gig workers:** Workers paid by the task (or microtask) to complete a specified piece of work.
- **Crowd workers:** Workers who compete to participate in a project and are often only paid if they are among the top participants in a competition.

since 2006. Among companies with more than 250 employees, the percentage struggling to find qualified candidates rises to 67 percent.⁵

At the same time, retirees are reentering the workforce, people are spending time caring for children and aging parents, and individuals are going back to school. These trends create more depth and scale across the range of alternative talent pools.⁶

The breadth of the alternative workforce

Once considered a workforce for information technology (IT) or other technical or repeatable

tasks, today alternative workers perform a broad range of activities. In this year's Global Human Capital Trends study, 33 percent of respondents reported extensively using alternative arrangements for IT, 25 percent for operations, 15 percent for marketing, and 15 percent for research and development (figure 1). One of our pharmaceutical clients outsources all of its research, for example; others outsource product design, development, and support.

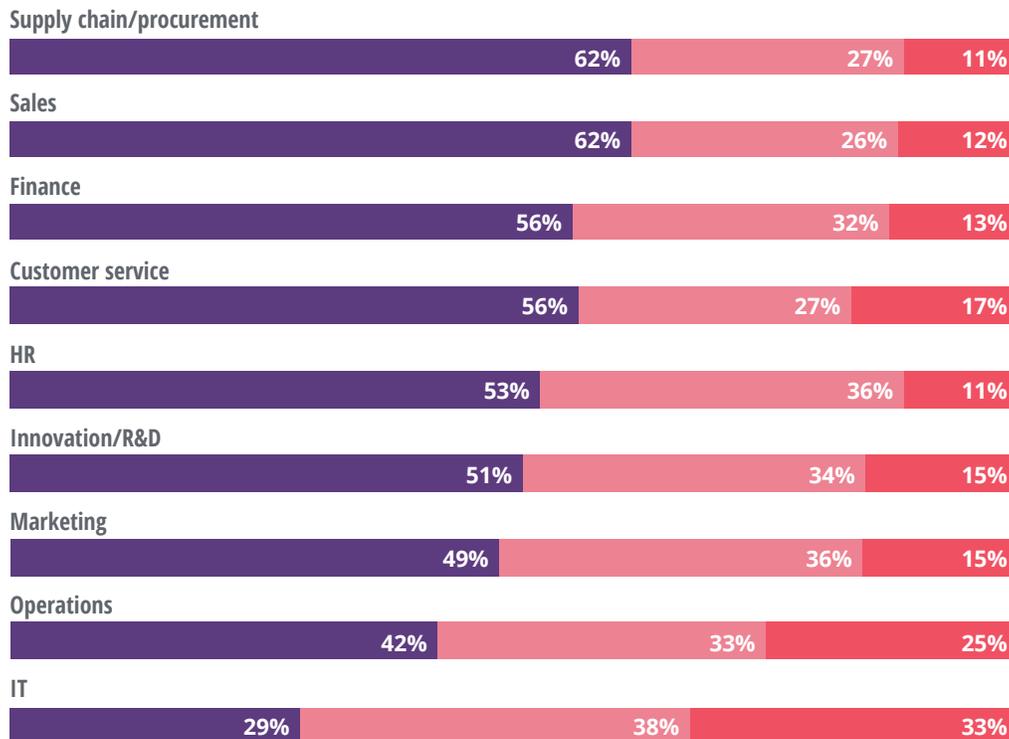
If we look at this market around the world, we find many sources for these workers. Traditional contingent staffing firms, such as Allegis and others, make up the core of the market, but new talent networks (such as UpWork, Fiverr, 99designs, and

FIGURE 1

The use of alternative labor is spreading beyond the IT function

Please select the extent to which you use alternative workforce in each of the following functional areas.

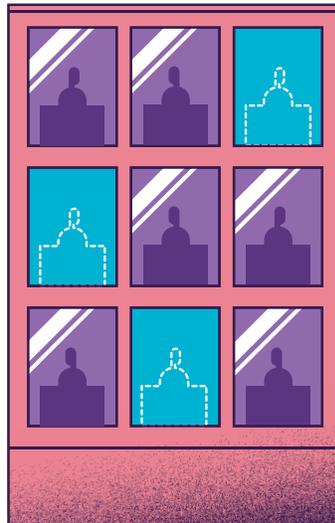
- We do not use alternative labor in this function
- Our use of alternative labor in this function is limited/rare
- We use this labor type extensively in this function



Note: Percentages may not total 100 percent due to rounding.
Source: Deloitte Global Human Capital Trends survey, 2019.

more) are growing quickly. We are even starting to see talent networks focused on specific segments of the workforce ranging from working parents to active military and veterans (The Mom Project, The Second Shift, WeGoLook, and more). Research shows that these types of talent networks now manage over US\$2 billion in outsourced activity,⁷ employing hundreds of millions of people in every geography of the world.

A major acquisition underscores the alternative workforce's increasing economic importance. In 2017, Google acquired Kaggle, one of the world's largest networks of data science professionals.⁸ As one of the world's biggest technical communities, Kaggle's attractiveness to organizations seeking freelance or contract-based technical talent has enormous potential for growth. Platforms and talent marketplaces like Kaggle—and their prospects for generating tangible returns—are evidence of the potential and value offered by alternative workforce strategies.



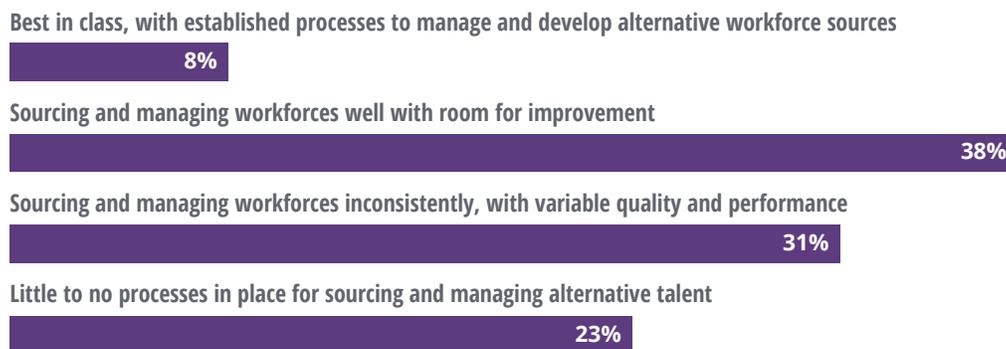
Most organizations are using alternative workers transactionally, not strategically

How fully are organizations capitalizing on the alternative workforce today? Our survey results suggest that many could be doing more. Forty-one percent of our survey respondents told us they considered this issue important or very important—but only 28 percent believe they are ready or very ready to address it. In fact, our research suggests that most organizations look at alternative work arrangements as a transactional solution, not as a strategically important source of talent. Only 8 percent of our respondents, for instance, said that they had established processes to manage and develop alternative workforce sources (figure 2); fully 54 percent of respondents said they either managed alternative workers inconsistently or had few or no processes for managing them at all. These organizations are using

FIGURE 2

Few respondents have established processes for managing the alternative workforce

How would you evaluate your company's effectiveness in sourcing and managing alternative workforce sources?



Source: Deloitte Global Human Capital Trends survey, 2019.

alternative work tactically as a way to “fill slots,” not strategically as a long-term solution for the future.

What’s more, our 2019 survey showed that using alternative workers can enhance organizational performance (figure 3). This is the real reason that managing alternative work and workers well is strategically important: It enables an organization to put the right talent in place where and when it’s most needed to get results, in a labor market where traditionally on-balance-sheet talent is becoming ever harder to find.

For instance, the German company Robert Bosch GmbH has created an entire subsidiary—Bosch Management Support GmbH—to manage its on-call contingent workforce of more than 1,700 former and retired Bosch employees worldwide. These “senior experts” are brought in to consult and work on projects at Bosch on an as-needed basis, often at short notice, in functions as varied as research and development, production, purchasing, finance, and sales and marketing. Bosch claims a 92 percent satisfaction rate among these workers’ customers, who value them both for the work they perform and for

the coaching and development opportunities they bring to younger Bosch associates.⁹

Rewiring the approach to the alternative workforce

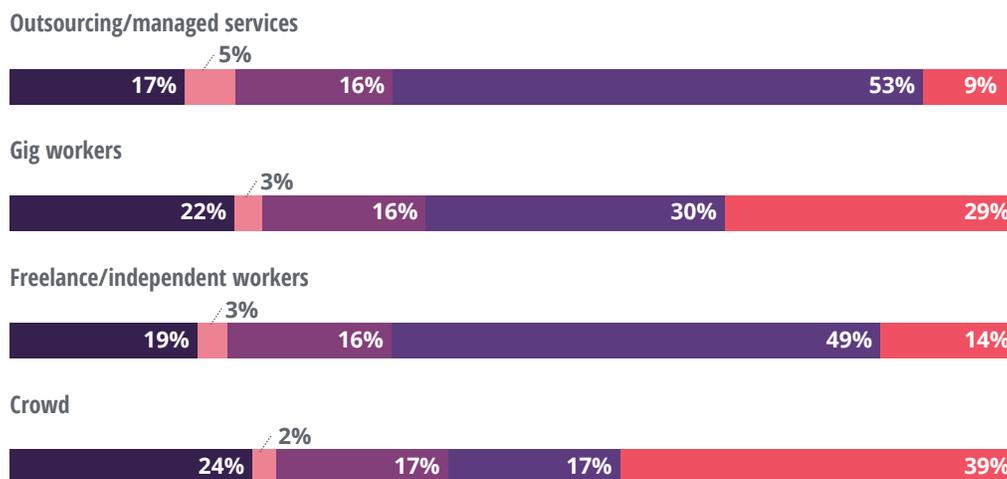
Engaging alternative workers strategically is harder than it looks. To do so, companies have to move beyond “managing” contractors and freelancers to “optimizing” and “leveraging” the alternative workforce deliberately and well. Not many do. Even among companies with policies and standards, our experience suggests that a strategic, enterprisewide approach is rare. What is needed is a wholesale rewiring of how organizations operate as it relates to alternative labor—one that allows it to connect the appropriate talent with the appropriate roles no matter how that talent is sourced. Part of the answer lies in connecting the various parts of the enterprise involved, often in a fragmented manner, in hiring alternative workers. This includes procurement, IT, and, increasingly, HR.

FIGURE 3

The use of alternative labor often improves organizational performance

How is the use of each workforce category impacting your organization's business performance?

- Don't measure impact this way ■ Negative impact ■ No impact
- Positive impact ■ Do not use this labor type



Note: Percentages may not total 100 percent due to rounding.
Source: Deloitte Global Human Capital Trends survey, 2019.

The good news is that, at many organizations, HR is indeed stepping up in this area. Seventy-five percent of this year's survey respondents indicated that HR supports sourcing alternative workers; 66 percent reported HR is involved in training them, 65 percent said HR negotiates work arrangements, and 63 percent reported HR is involved in benefits management. And investments to expand HR strategies to the alternative workforce are also rising. More than half of our respondents (51 percent) reported that their organization has specific plans to address recruitment strategies for the alternative workforce. Further, 31 percent of respondents now have learning and development plans for alternative workers, 23 percent survey them for feedback, and 22 percent award them bonuses and other types of incentive pay.

A parallel step for organizations to consider is to take advantage of the growing portfolio of alternative workforce management tools that are coming on the market. In 2018, Workday acquired Rallyteam, a gig work platform,¹⁰ and ADP acquired WorkMarket, a leading contingent and gig work platform.¹¹ ADP had previously acquired a company called Global Cash Card to provide real-time pay and cash-based pay solutions for gig workers.¹² SAP acquired FieldGlass with the same functionality goals.¹³ Vendors like Fuel50 now offer standalone company career and gig work platforms.¹⁴ And Legion, a startup in the San Francisco area, is building an entire workforce management platform under the assumption that some people will always work for multiple employers at once.¹⁵ These alternative workforce management tools are designed to fill a gap in the market and enable new connections among those managing various workforce segments and types, thereby finally enabling a total workforce view.

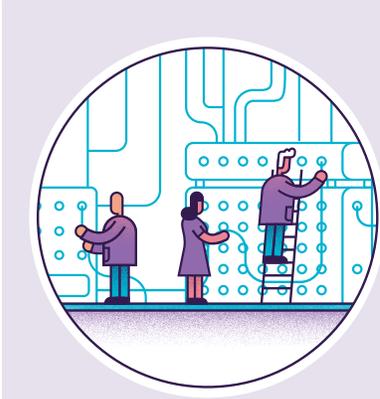
Alternative workers, mainstream respect

Remembering our principles for human capital reinvention, businesses must consider issues

of inclusion, diversity, fairness, and trust when constructing organizational systems around alternative work. Alternative workers can have different backgrounds and cultures than many traditional workers, and these individuals are often accessed in different ways. Can managers lead a team with a diverse mix of people from both traditional and alternative talent pools, when each may come to work with a different set of motivations? Can the organization engage the alternative workforce in a way that promotes the organization's brand as a social enterprise?

It's important that the entire workforce, both alternative and traditional, be treated with respect with regard to culture, inclusion, and work assignments—and that perceptions on all sides reflect these values. While the greater risk is arguably that alternative workers will feel they are treated as outsiders—thus potentially damaging an organization's overall employment brand—it's also possible for the knife to cut the other way. At one major European bank, for example, as part of a movement to create more flexible access to talent in various technology-related fields, managers in the IT department started working systematically with contractors, freelancers, and consultants. But over time, leaders realized that the function's on-balance-sheet employees, who worked almost solely on legacy systems, felt “penalized” compared to these external workers, who were hired for more-interesting projects with “cool,” newer technologies. The bank's IT leadership took steps to rebalance the mix—and the experience has now enabled the bank to more effectively access and use alternative labor pools in its IT function.¹⁶

Risks and challenges like these are not insurmountable, and the alternative workforce is now a critical mainstay of the workforce for a growing number of employers. Organizations that take this workforce seriously can build strategies and programs to access and engage talented people wherever they may sit in the labor pool, driving business growth and extending the diversity of the workforce.



Level of effort: The alternative workforce **REWIRE**

As the alternative workforce moves into the mainstream, organizations need to take a strategic approach to tapping into this important source of talent. Organizations can use innovative approaches to move beyond “managing” these people to “optimizing” and “leveraging” them, creating new connections among HR, the business, procurement, and IT, among others, to do so effectively.

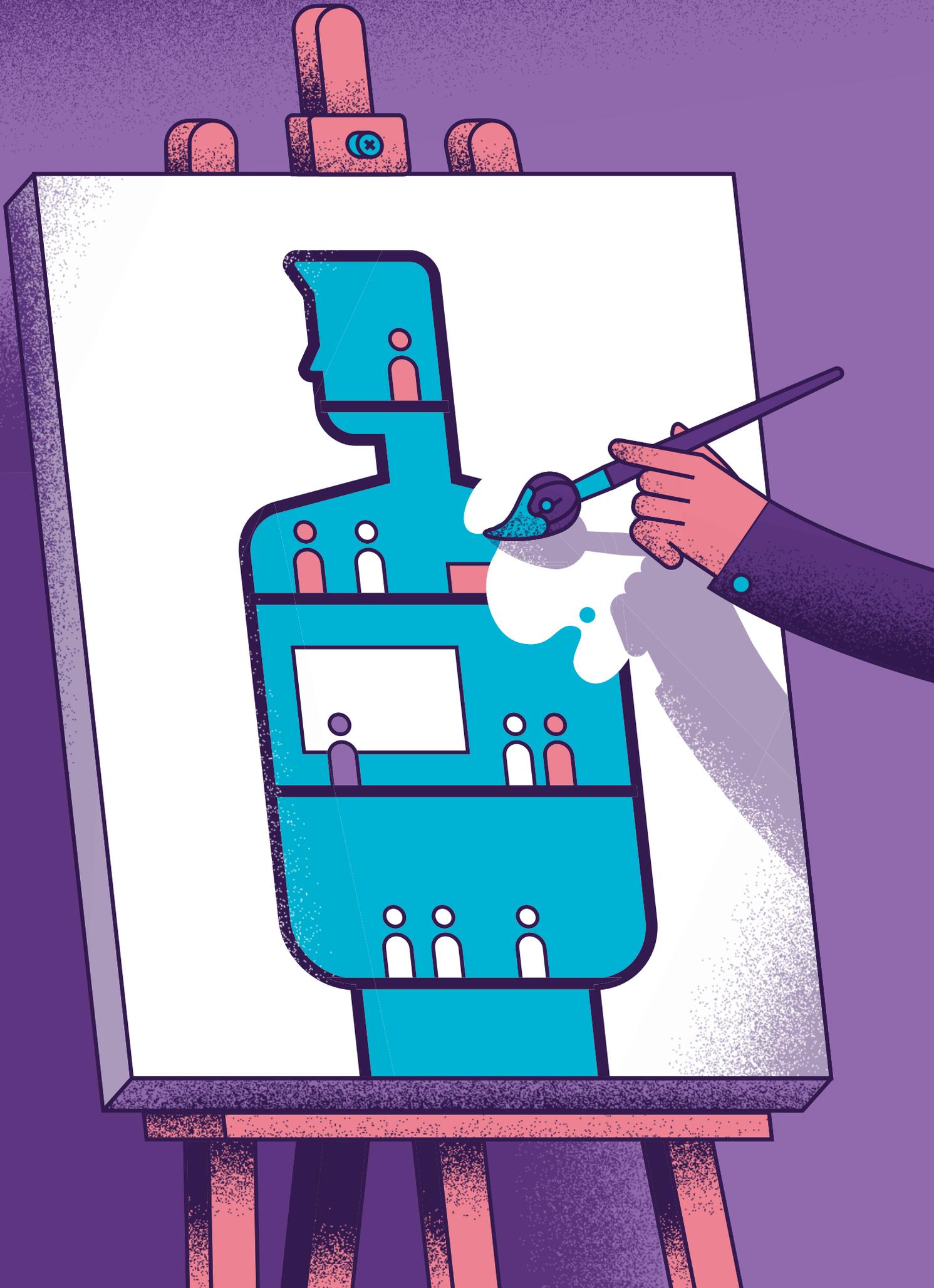
Acknowledgments

The authors would like to thank **Steven Hatfield** and **Sarah Cuthill** for their contributions to this chapter.

Endnotes

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From jobs to superjobs

The use of artificial intelligence (AI), cognitive technologies, and robotics to automate and augment work is on the rise, prompting the redesign of jobs in a growing number of domains. The jobs of today are more machine-powered and data-driven than in the past, and they also require more human skills in problem-solving, communication, interpretation, and design. As machines take over repeatable tasks and the work people do becomes less routine, many jobs will rapidly evolve into what we call “superjobs”—the newest job category that changes the landscape of how organizations think about work.

DURING THE LAST few years, many have been alarmed by studies predicting that AI and robotics will do away with jobs. In 2019, this topic remains very much a concern among our Global Human Capital Trends survey respondents. Almost two-thirds of this year’s respondents (64 percent) cited AI and robotics as an important or very important issue in human capital. But are fears of net job losses to technology realistic? And what additional implications does the growing adoption of these technologies in the workplace hold?

First, let’s discuss the technology. The market for technologies such as robotic process automation (RPA)—software to automate manual tasks—is growing at 20 percent per year and is likely to reach US\$5 billion by 2024.¹ Reflecting this growth, 41 percent of respondents to our 2019 Global Human Capital Trends survey say they are using automation extensively or across multiple functions. Among the various ways they are automating work, RPA is

THE LANGUAGE OF AUTOMATION

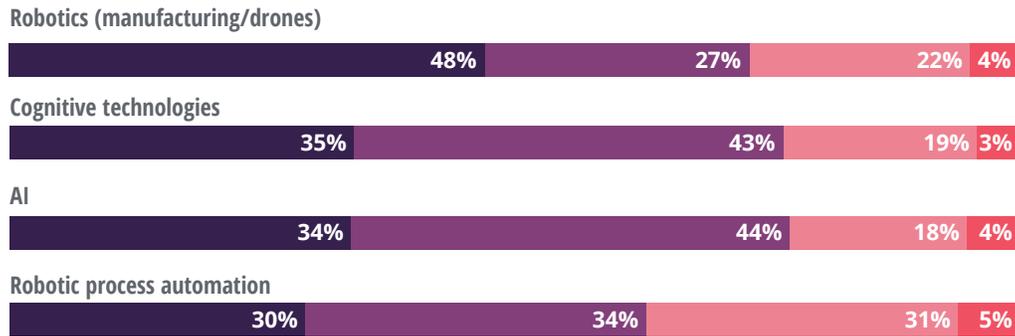
- **Automation:** Includes robotics, cognitive, and AI.
- **Robotics:** Includes physical robots (such as drones and robots used for manufacturing) and robotic process automation (technology that automates highly standardized routines and transactions).
- **Cognitive technologies:** Include natural language processing and generation (machines that understand language), and machine learning (pattern recognition).
- **AI:** Machines that can make predictions using deep learning, neural networks, and related techniques.

FIGURE 1

Many organizations currently use various automation technologies

Please indicate how extensively your organization is using each type of automation today.

- Not currently used
- Exploring
- Implemented in select functions/divisions
- Extensively used across the organization



Note: Percentages may not total 100 percent due to rounding.
Source: Deloitte Global Human Capital Trends survey, 2019.

the most prevalent, but 26 percent of respondents are using robotics, 22 percent are using AI, and 22 percent are using cognitive technologies as well (figure 1). And their use is expected to spread. In our survey, 64 percent of respondents saw growth ahead in robotics, 80 percent predicted growth in cognitive technologies, and 81 percent predicted growth in AI. Now that organizations are using these technologies, it appears they are seeing the benefits and investing heavily in them.

Given this growth in adoption, our survey also shows that the level of “fear” and “uncertainty” around these technologies is growing. Only 26 percent of respondents stated that their organizations were “ready or very ready” to address the impact of these technologies. In fact, only 6 percent of respondents said that their organizations were “very ready,” suggesting that organizations are now beginning to understand the scale and the massive implications for job design, reskilling, and work re-invention involved in integrating people and automation more extensively across the workforce.

The jobs they are a-changin’

Are jobs going away due to technology? While some may be eliminated, our view is that many

more are changing. The unemployment rate remains low in the United States, and the labor market is tight for new and critical skills around the world. Furthermore, only 38 percent of our survey respondents told us that they expect technology to eliminate jobs at their organizations within the next three years, and only 13 percent believe automation will eliminate a *significant* number of positions, far different from our findings on this score only a few years ago.

Earlier research by Deloitte posited that automation, by removing routine work, actually makes jobs more human, enabling the role and contribution of people in work to rise in importance and value. The value of automation and AI, according to this research, lies not in the ability to replace human labor with machines, but in augmenting the workforce and enabling human work to be reframed in terms of problem-solving and the ability to create *new* knowledge. “It is [the] ability to collectively make sense of the world that makes us uniquely human and separates us from the robots—and it cuts across all levels of society.”²

The ways our survey respondents tell us they are using automation, and their efforts to redesign work as a corollary to automation, speaks to this idea. This year, while 62 percent of respondents are using automation to eliminate transactional work

and replace repetitive tasks, 47 percent are also augmenting existing work practices to improve productivity, and 36 percent are “reimagining work.” Many respondents also told us they were doubling down on reskilling: Eighty-four percent of the respondents who said that automation would require reskilling reported that they are increasing funding for reskilling and retraining, with 18 percent characterizing this investment as “significant” (figure 2).

The picture that emerges from these findings is that, as machines replace humans in doing routine work, jobs are evolving to require new combinations of human skills and capabilities. This creates the need for organizations to redesign jobs—along with their business and work processes—to keep pace.

The advent of “superjobs”

In traditional job design, organizations create fixed, stable roles with written job descriptions and then add supervisory and management positions on top. When parts of jobs are automated by machines, the work that remains for humans is generally more interpretive and service-oriented, involving problem-solving, data interpretation, communications and listening, customer service and empathy, and teamwork and collaboration. However, these higher-level skills are not fixed tasks like traditional jobs, so they are forcing organizations to create more flexible and evolving, less rigidly defined positions and roles.

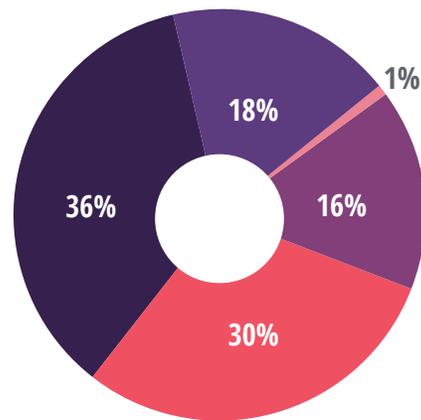
These new types of jobs, which go under a variety of names—“manager,” “designer,” “architect,” or “analyst”—are evolving into what we call “superjobs.” New research shows that the jobs in highest demand today, and those with the fastest acceleration in wages, are so-called “hybrid jobs” that bring together technical skills, including technology operations and data analysis and interpretation, with “soft” skills in areas such as communication, service, and collaboration.³ The concept of superjobs takes this shift one step further. In a superjob, technology has not only changed the nature of the skills the job requires but has changed the nature of the work and the job itself. Superjobs require the breadth of technical and soft skills that hybrid jobs do—but also combine parts of different traditional jobs into inte-

FIGURE 2

Many organizations are increasing investments in reskilling their workforce

What additional investment are you anticipating to accommodate workforce reskilling?

- Decrease
- Remain the same
- Incremental increase (<5%)
- Moderate increase (6–10%)
- Significant increase (>10%)



Note: Only respondents who said that automation would require reskilling at their organizations answered this question.
Source: Deloitte Global Human Capital Trends survey, 2019.

grated roles that leverage the significant productivity and efficiency gains that can arise when people work with smart machines, data, and algorithms.⁴

For instance, the Cleveland Clinic, a leading US medical center facing new competition from for-profit hospital systems that had moved into the Cleveland area, underwent a fundamental rethinking and redesign of its entire enterprise—including job definitions. Not a single role was left untouched: Whether clinical or not, whether licensed or not, each position had to be evaluated and considered for potential gains in efficiency, skill level, and viability. In this process, the clinic realized that specialist roles in medicine had to become more flexible and dynamic. It became clear that doctors had to be responsible not only for deep medical domain understanding but also for understanding broad issues of patient care. One result of this effort was an increased awareness of the hybrid

THE EVOLUTION OF JOBS

- **Standard jobs:** Roles that perform work using a specified and narrow skill set. Generally organized around repeatable tasks and standard processes.
- **Hybrid jobs:** Roles that perform work using a combination of skill sets drawing on both technical and soft skills. Historically, these types of skills have not been combined in the same job.
- **Superjobs:** Roles that combine work and responsibilities from multiple traditional jobs, using technology to both augment and broaden the scope of the work performed and involve a more complex set of domain, technical, and human skills.

roles played by nurses and other care providers—and an increased investment in training them in “care and case management” to broaden their skills beyond their technical specialties.⁵

From redesigning jobs to recoding work

The creation of superjobs—and the decomposition, recombination, and expansion of new roles as part of their creation—requires organizations to think about work design in new ways. If organizations take existing tasks and simply automate them, there will likely be some improvement in throughput—but if the jobs and the work are redesigned to combine the strengths of the human workforce with machines and platforms, the result can be significant improvements in customer service, output, and productivity.⁶ The shift from the redesign of jobs to the recoding of work—integrating machines and humans in the flow of work and creating meaningful roles for people—is a substantial challenge in front of every business and HR leader. It will require fresh thinking and high levels of collaboration across the business, including among the IT, finance, and HR functions, among others. And it will take a deliberate plan to get in front of the challenge.

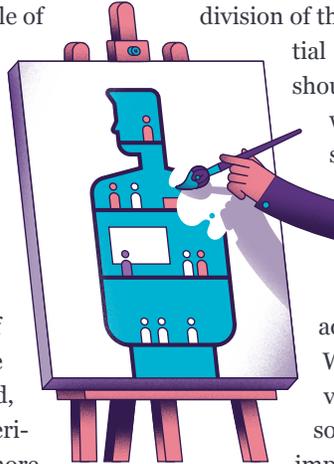
Recoding work for the future demands a new approach: not just rewriting job descriptions, but rather starting with a broader canvas and then composing the work so it can take advantage of machines, workers in alternative work arrangements, and—most importantly—unique human capabilities such as imagination, curiosity, self-

development, and empathy. This contrasts with the traditional approach to creating job descriptions, which have typically been defined by a narrow view of the skills, activities, tasks, and expectations of workers in highly specific roles. In many organizations, this has led to a proliferation of hundreds of very detailed and formulaic—and some would say deadening and uninspiring—job descriptions and profiles. A job canvas, on the other hand, takes a more expansive, generative, and meaningful view. In the future, work will be defined by:

- The outputs and problems the workforce solves, not the activities and tasks they execute;
- The teams and relationships people engage and motivate, not the subordinates they supervise;
- The tools and technologies that both automate work and augment the workforce to increase productivity and enhance value to customers; and
- The integration of development, learning, and new experiences into the day-to-day (often real-time) flow of work.

Imagine this construct in the context of the HR organization. Today, HR roles are shifting dramatically due to the influx of technology, from chatbots to automated workflows. A redesigned job could use technology to increase the range of questions an HR shared services representative could answer. But while doing this would add some value, a more powerful opportunity to increase productivity and value would be to start with a broader canvas of what HR

shared services can be. Given that technology can provide real-time insights on worker sentiment and behavior across the enterprise, is there a way to combine these insights with the human skills needed to work in HR shared services—problem-solving, communication and listening, customer service and empathy, and teamwork and collaboration—to craft an entirely new role of an HR “experience architect”? The person in such a superjob would take advantage of technology to automate answering routine questions, while focusing primarily on the outcome of delivering an effective workforce experience. It would not be a redesigned HR shared services job, but one in which the work itself has been recoded to encompass more possibilities, greater productivity, and, ultimately, a more meaningful experience for workers who are looking for more.

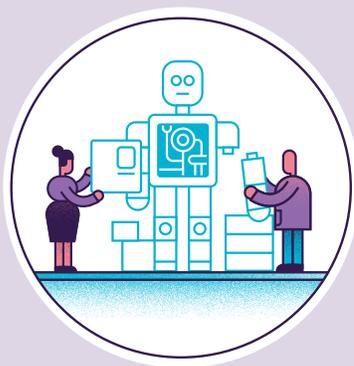


perjobs is growth in commodity jobs, service jobs, and microtasks. Already, commentators are seeing a bifurcation of some work and jobs into highly augmented, complex, well-paid jobs on the one hand, and lower-wage, lower-skilled work across service sectors on the other. Recent research is capturing the impact of technology and automation on the division of the job market.⁷ In the face of the potential social consequences, business leaders should challenge themselves to reimagine work to meet the needs of all workforce segments in all job types—service and gig workers as well as those with superjobs.

Clearly, the full story has yet to unfold with regard to technological advances and their impact to work. We believe that organizations need to view these trends in the context of the social enterprise—and the increasingly important connections between organizations and society. Augmenting workers with technology will, no doubt, lead to work being done in new ways. The challenge before organizations now is to execute this reinvention in a manner that leads to positive results for themselves, their workers, and the economy and society as a whole.

The potential for backlash

The advent of superjobs carries with it the potential for societal backlash. The flip side—some would say the darker side—of the creation of su-



Level of effort: From jobs to superjobs

RECODE

Reimagining work and jobs to integrate new technologies is among business and HR leaders' most important and growing priorities. To remain sensitive to stakeholder and societal expectations, organizations will be challenged to reimagine work in ways that meet the needs of workers in all types of jobs—including service and gig workers as well as those with superjobs.

Acknowledgments

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Leadership for the 21st century

The intersection of the traditional and the new

In a world of disruptive digital business models, augmented workforces, flattened organizations, and an ongoing shift to team-based work practices, organizations are challenging their leaders to step up and show the way forward. CEOs are being pressured to take a position on social issues; C-suite executives are being asked to work more collaboratively across functions; line leaders must learn to operate in networks of teams. But our research shows that while organizations **expect** new leadership capabilities, they are still largely promoting traditional models and mindsets—when they should be developing skills and measuring leadership in ways that help leaders effectively navigate greater ambiguity, take charge of rapid change, and engage with external and internal stakeholders.

YEAR AFTER YEAR, organizations tell us they struggle to find and develop future-ready leaders. In this year's Global Human Capital Trends survey, 80 percent of respondents rated leadership a high priority for their organizations, but only 41 percent told us they think their organizations are ready or very ready to meet their leadership requirements.

We see leadership pipelines and development at a crossroads at which organizations must focus on both the traditional and the new. Organizations know that they must develop leaders for perennial leadership skills such as the ability to manage operations, supervise teams, make decisions, prioritize investments, and manage the bottom line. And they know that they must *also* develop leaders

for the capabilities needed for the demands of the rapidly evolving, technology-driven business environment—capabilities such as leading through ambiguity, managing increasing complexity, being tech-savvy, managing changing customer and talent demographics, and handling national and cultural differences.

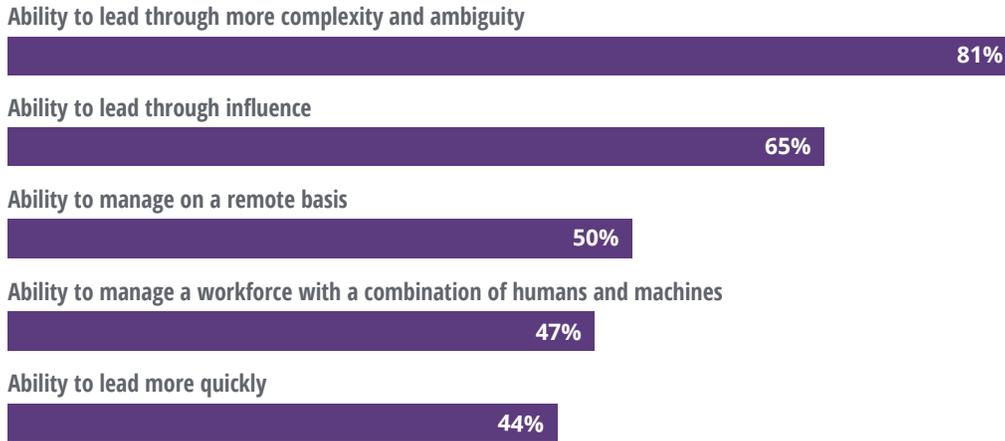
Leadership in a new context

It's clear that many people believe that organizations have new leadership needs (figure 1). Eighty percent of the respondents to this year's global survey told us they think that 21st-century leadership has unique and new requirements that are

FIGURE 1

Many respondents believe that organizations have new leadership needs

What do you believe are the unique requirements for 21st-century leaders? Select all that apply.



Note: Only respondents who believed that 21st-century leaders faced new and unique requirements answered this question.

Source: Deloitte Global Human Capital Trends survey, 2019.

important or very important to their organization's success. Topics such as inclusion, fairness, social responsibility, understanding the role of automation, and leading in a network were not part of the leadership manifesto a decade ago. And in the midst of these changes, many organizations are not satisfied with their leadership programs. Only 25 percent of our respondents say they are effectively building digital leaders, and only 30 percent say they are

effectively developing leaders to meet evolving challenges.

Yet even though many organizations have built digital leadership models, updated their frameworks, and invested in new leadership programs, we believe the greater need may lie in the combination of developing new competencies *and* putting them in a new context (figure 2). That new context is the changing set of social and organiza-

FIGURE 2

The 21st century creates a new context for leadership

Why do you think there is a difference (in the unique requirements for 21st-century leaders)? Select all that apply.



Note: Only respondents who believed that 21st-century leaders had new and unique requirements answered this question.

Source: Deloitte Global Human Capital Trends survey, 2019.

tional expectations for how leaders should act and what outcomes they should aim for. In the era of the social enterprise, people no longer believe that financial results are the only or primary measure on which a business's success should be judged; they also judge organizations for the impact they have on the social and physical environment, as well as on their customers and the people who work for and with them. As a result, leaders that focus only on running a tight ship and competing relentlessly in the marketplace can be viewed as too narrow and not fully engaged with the challenges of the broader business and social environment.

New competencies, new context

Traditional leadership expectations and outcomes still have a place in today's new world of work, but they should be combined with a set of new competencies and recognition of a new context to round out how leadership is defined for the 21st century (figure 3).

Where are the biggest gaps?

Developing leaders with new competencies requires more than an evolution in the competencies themselves. Equally paramount is for the organization to have the culture, the structure, and the management processes to cultivate these leaders. In our survey, we found three areas where significant gaps exist within many organizations.

Transparency. In today's world of the social enterprise, transparency is the most valuable organizational currency. It helps engender trust and respect in a world where many may question an organization's true intent. Yet as important as transparency is, only 18 percent of our survey respondents believed they have a transparent and open model; 37 percent were worried about their ability to create trust, 60 percent were worried about their employees' perception of transparency, and 27 percent believed that a lack of transparency was creating a competitive disadvantage.

Internal collaboration. As organizations move into service-center business models, they're able to benefit when C-suite leaders shift their focus beyond their narrow towers of responsibility and work more closely with one another. As we discussed in last year's report, the C-suite's roles and work are becoming much more complex and more integrated. Yet eighty-three percent of respondents told us their C-suite executives rarely collaborate or do so only on an ad hoc basis; only 17 percent said C-suite executives at their organization regularly collaborate.

Performance management. How individuals' success is measured remains a powerful way to shape behavior. However, despite organizations' strong desire to elicit different, more 21st-century behavior from their leaders, respondents described a very traditional approach to how they evaluate top leaders. The top three criteria organizations used to measure leadership success were driving strategy (63 percent), delivering financial results (58 percent), and managing operations well (44 percent).

Putting different performance measures in place for leaders can go a long way toward establishing a culture that supports competencies such as the ability to manage uncertainty and lead through change. Sasol, an integrated chemicals and energy company with operations in 32 countries, is one company that has made progress in establishing a culture of development through the way it measures its leaders. The company evaluates leaders based on employee engagement feedback, leadership capability assessments, and the ways in which leaders align themselves with the company's leadership principles. These practices contribute to reinforcing a culture where leaders are encouraged to embrace change and recognize opportunities to innovate and pursue excellence.²

If organizations want leadership that is ready for the 21st century, they should first look at their own attributes to create the type of environment that will give rise to leaders' success. Transparency, internal collaboration, and performance management are good places to start that process.

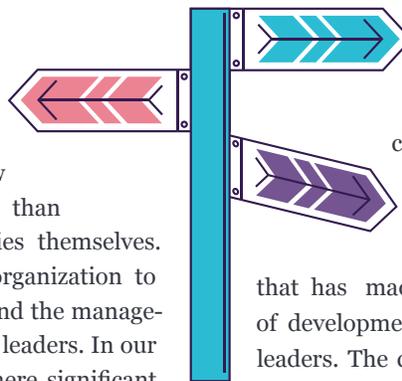


FIGURE 3

Leadership today involves a combination of traditional expectations and new competencies

Traditional leadership expectations and outcomes		New leadership competencies	New context
Focus on individual leaders and their personal performance	+	Focus on leaders as members of leadership teams (the symphonic C-suite) and their ability to develop and foster team performance	The <i>pace of change</i> demands that leaders work more closely with one another to be able to come up with integrated solutions in a more rapidly moving environment
Business financials and shareholder returns are the primary outcomes	+	Pursuing business success as part of the broader social context; ability to create and communicate purpose to multiple stakeholders	<i>Changing demographics and employee expectations</i> , in particular among millennials, ¹ have challenged organizations to focus on profits and purpose instead of just profits
Executing financial and investment stewardship	+	Ability to set direction and adapt to fast-changing markets and conditions through sensing	The <i>pace of change</i> demands that organizations be able to sense, lead, and extend their capabilities to meet and exceed financial goals
Delivering consistent and stable results	+	Confidence leading in complex and ambiguous situations	The constant <i>influx of new technologies</i> means that organizations need to be able to operate and lead in an environment of continuous innovation where what is coming next is often uncertain
Executing marketing and customer service	+	Staying up to date and anticipating changing customer and market expectations	<i>Changing customer expectations</i> are prompting organizations to create a distinctly human experience that creates a personal connection to the customer beyond the product or the brand
Maintaining operational efficiency and performance	+	Innovating to constantly improve operations and products/services	The rapid <i>pace of change</i> across industries is forcing organizations to innovate and improve in a constant cycle that never turns off
Managing structured career and talent programs	+	Motivating a diverse workforce, both on and off the balance sheet; curating new experiences and nonlinear career portfolios to appeal to the new expectations of today's talent	<i>Changing demographics and employee expectations</i> have challenged organizations to appeal to a diverse range of workers through lifelong learning, movement among and between jobs, and bringing meaning to work
Supervising technology programs that enable common processes	+	Constantly increasing one's own tech-savviness to take advantage of digital, data, and AI opportunities	The <i>influx of new technologies</i> demands that leaders be tech-savvy regardless of their current position
Managing risk and quality	+	Integrating and deepening a focus on risk and quality at every level of the workforce	<i>Changing customer expectations</i> are forcing a higher focus on risk and quality, as any single issue can quickly erode the value of an organization's brand

Source: Deloitte analysis.

Refreshing leadership from within

Setting a new context, identifying new leadership competencies, and putting the right culture in place are all vital parts of an effective leadership strategy. The final step is to find and develop the individuals who will serve as the leaders themselves. But where can organizations find them?

Today, the idea that organizations can simply go out and “hire” new leaders is being called into question. Rather than searching to find and hire great leaders from the outside who may or may not succeed in the organization’s corporate culture, most organizations would do well to explore new approaches and to invest more in developing the potential leaders they have. In today’s fast-paced

environment, people learn by doing—and trying. To cultivate needed leadership competencies, organizations can give people more diverse, developmental assignments; promote people into leadership roles both earlier and later in their careers; give leaders with less traditional experience the opportunity to run businesses and initiatives; and honor the ability of their workers and leaders at every level, from early to late in their careers, to rethink, challenge, and develop the business they’re in.

Many organizations continue to struggle to put leaders in place with the experience, capabilities, and motivation to take on both old and new business challenges. We suggest starting by taking a fresh look at the context in which leaders need to operate today, as it offers a key to cultivating the leaders of tomorrow.

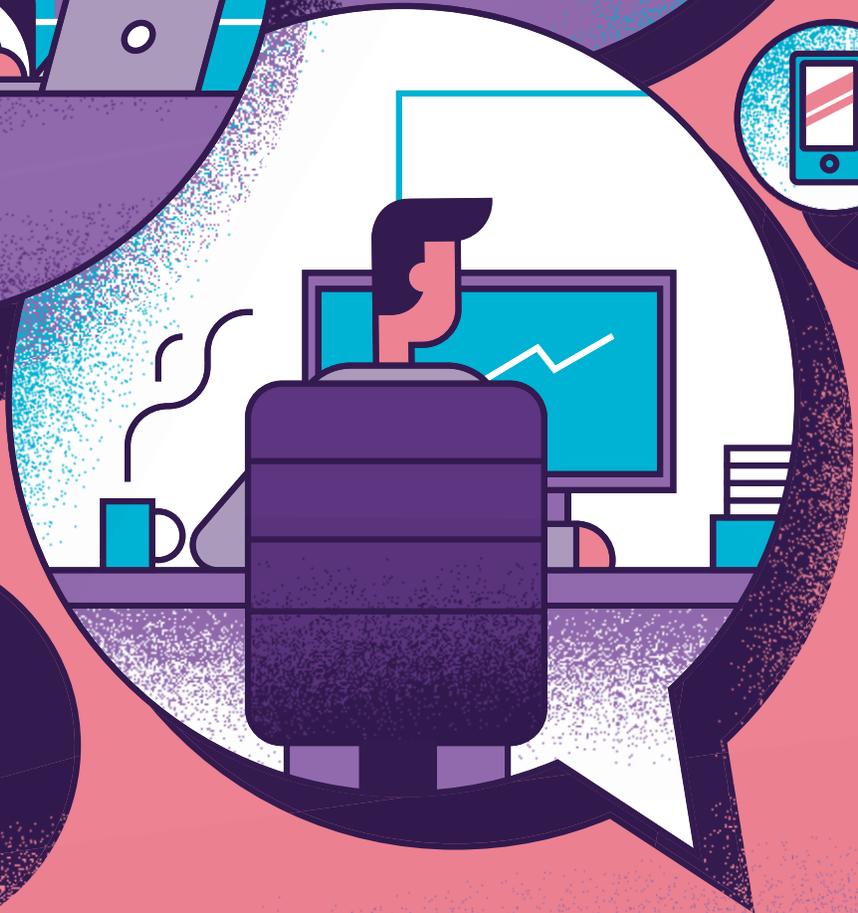


Acknowledgments

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From employee experience to human experience

Putting meaning back into work

Organizations are investing in many programs to improve life at work, all focused on improving the day-to-day experience workers have. While there is much that can be done to improve work/life balance, research shows that the most important factor of all is the work itself: making work meaningful and giving people a sense of belonging, trust, and relationship. We believe organizations should move beyond thinking about experience at work in terms of perks, rewards, or support, and focus on job fit, job design, and meaning—for all workers across the enterprise.

ONE OF THE biggest challenges we identified this year is the need to improve what is often called the “employee experience.” Eighty-four percent of our survey respondents rated this issue important, and 28 percent identified it as one of the three most urgent issues facing their organization in 2019. It’s hard to question why: MIT research shows that enterprises with a top-quartile employee experience achieve twice the innovation, double the customer satisfaction, and 25 percent higher profits than organizations with a bottom-quartile employee experience.¹ Yet as important as it is, only 9 percent of our respondents believed they were very ready to address this issue, making it a massive priority for organizations around the world.

Unpacking the issue

Over the last five years, issues related to productivity, well-being, overwork, and burnout have grown.² The digital, always-on world of work has

been challenging for people (as we discussed *last year* and *in 2014*), and organizations have become increasingly concerned. And based on the results from our study, it’s clear that those issues have resulted in significant dissatisfaction with the job itself. This year, we found that only 49 percent of respondents believed that their organizations’ workers were satisfied or very satisfied with their job design. Only 42 percent thought that workers were satisfied or very satisfied with day-to-day work practices, only 38 percent said that they were satisfied or very satisfied with work-related tools and technology, and only 38 percent thought that they have enough autonomy to make good decisions (figure 1).

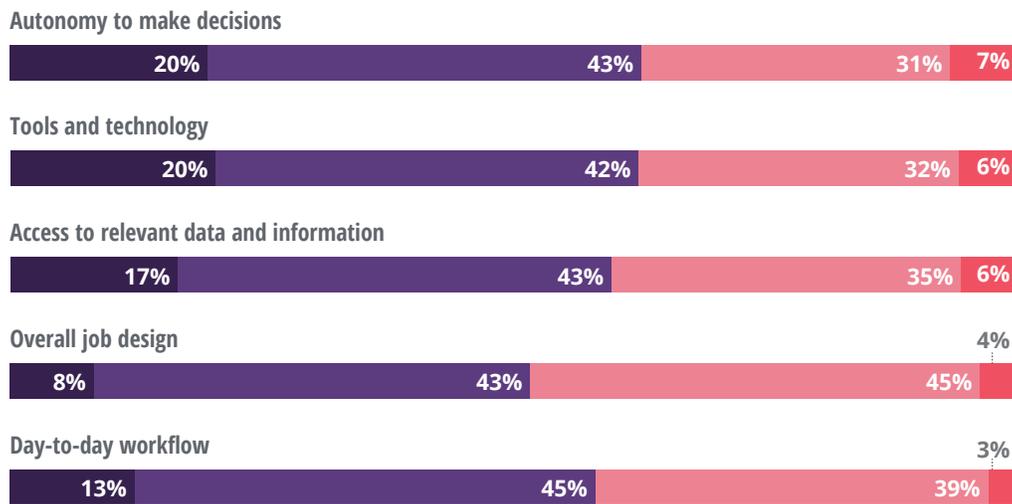
And when we looked past the attributes of the individual job and toward the overall work environment, the results were still mixed. Only 53 percent felt their organizations were effective or very effective at creating meaningful work, and only 45 percent thought that they were effective or very effective at delivering supportive management.

FIGURE 1

Many respondents perceived worker satisfaction to be low related to key aspects of work

How satisfied are employees in your organization with the design of their jobs (including the workflow and technologies)?

■ Not satisfied ■ Somewhat satisfied ■ Satisfied ■ Very satisfied



Note: Percentages may not total 100 percent due to rounding.
Source: Deloitte Global Human Capital Trends survey, 2019.

Fifty-nine percent thought that their organizations were effective or very effective at creating a positive work environment, but only 43 percent thought they were effective or very effective at providing the right opportunities for growth. When asked about their workers’ trust in leadership, only 46 percent rated their organizations effective or very effective (figure 2).

Overall, it is clear that the employee experience has a long way to go.

The history of experience: From customers to employees

To understand the challenges with employee experience, we need to first start with the history of how it came to be in the first place. The term “employee experience,” and the concept, originated as a parallel to the customer experience. An HR leader at a travel services company was using design

thinking to study the guest and host experience—and realized that this approach could also be applied to all of the activities going on internally. The company had outsourced many internal functions, making the employee experience inconsistent; in fact, it had never been completely designed. So the leader took on the newly created role of “global head of employee experience,” applied design thinking to the problem, and the idea and role took off.³

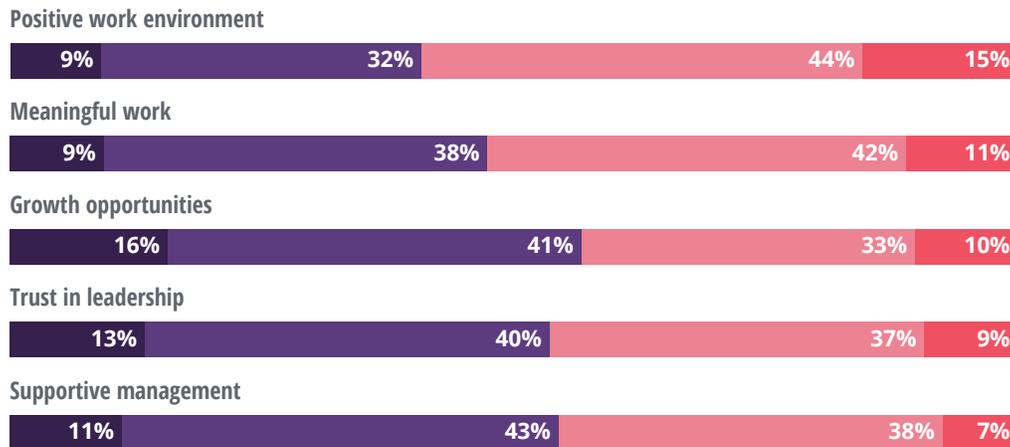
Sometimes, organizations explicitly model their workforce experience efforts on their customer experience practices. For instance, MTN, the largest mobile telecommunication company across Africa and the Middle East, has long emphasized customer experience strategies with its heaviest users. At MTN, both the customer experience and employee experience strategies are anchored on the “EPIC” principle, aiming to deliver “easy, personalized, and in-control connections” with customers and employees alike. This strategy is applied through a series of curated “high-volume journeys” targeted

FIGURE 2

Many respondents rated their organizations only somewhat effective or not effective on a number of factors related to experience

How effective is your organization in engaging workers in the following areas?

■ Not effective ■ Somewhat effective ■ Effective ■ Very effective



Note: Percentages may not total 100 percent due to rounding.
Source: Deloitte Global Human Capital Trends survey, 2019.

at generating a unique and continuous stream of human experiences that create lasting connections with the organization.⁴

However, as we've learned about the employee experience over the last few years, several new concepts have become clear. First, employees are different from customers: They have an enduring, personal relationship with their employers, unlike customers who can stop buying an organization's products at any time. Second, the employee experience is social: It is built around culture and relationships with others, moving well beyond a focus on an individual employee's needs. And third, and most relevant to the issue at hand, employees want more than an easy set of transactions; they want a career, purpose, and meaning from their work.

So where can you go from here?

In order to create an enduring relationship, be social in nature, and create meaning, experience

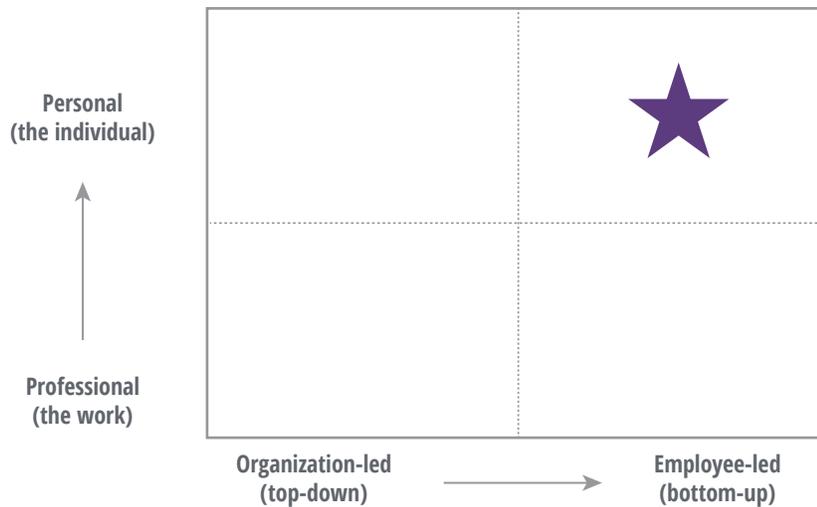
must come from and be focused on the individual. And that's where prior attempts at addressing this issue have fallen short and where a future path can be forged.

When experience *comes from the individual (bottom-up)*, it is designed starting with the employee's preexisting tendencies to enable them to do their best work in the way that works for them. When experience is *focused on the individual (personal)*, it is designed to incorporate all of the psychological needs that must be met in order for someone to perform their work well. At the intersection of both is where the optimal experience can be found—something that few, if any organizations, have yet to achieve (figure 3).

When applying this framework to the way in which organizations have tried to address the concept of experience in the past, it becomes easy to see where both prior and current efforts have fallen short. *Work/life balance*, which one could argue was the organization's first attempt to create "experience" in the workplace, was designed by organizations to recognize that individuals needed to carve out time allocated to work for other aspects

FIGURE 3

Experience should be both bottom-up and personal



Source: Deloitte analysis.

of life. Not only was it a top-down attempt at experience, thereby limiting the ownership a given employee could feel, but it was also centered around work—trying to find time for nonwork activities, but in the context of a work-first mentality.

That changed when the concept of employee engagement arose. *Employee engagement* recognized all of the basic psychological needs that must be met in order for a person to perform work well. It included emotional and social needs such as doing work that one was good at and connecting work with a higher purpose. As a result, it was centered around the employee and was very personal in nature. However, it remained a top-down philosophy: It relied on the organization's hope that employees would choose to engage with the company's ideas, culture, work, and results.⁵

The shift from a top-down initiative to one that is bottom-up in nature came with the introduction of employee experience. Employee experience is a bottom-up concept—where processes, places, and workflow are designed around employees' pre-existing tendencies. Employee experience recognized

that the employee, not the employer, must be at the center.

With this shift, why are people still not seeing better results? Because while employee experience *comes from* the individual, it is still focused primarily on the work itself. Last year, BersinTM research confirmed this when asking workers what their organizations had done to improve their employee experience. The top three actions respondents identified were: (1) perks and events, (2) rewards, and (3) work/life balance. All, without question, are important aspects of work, but none truly capture the personal meaning that employees are looking for.

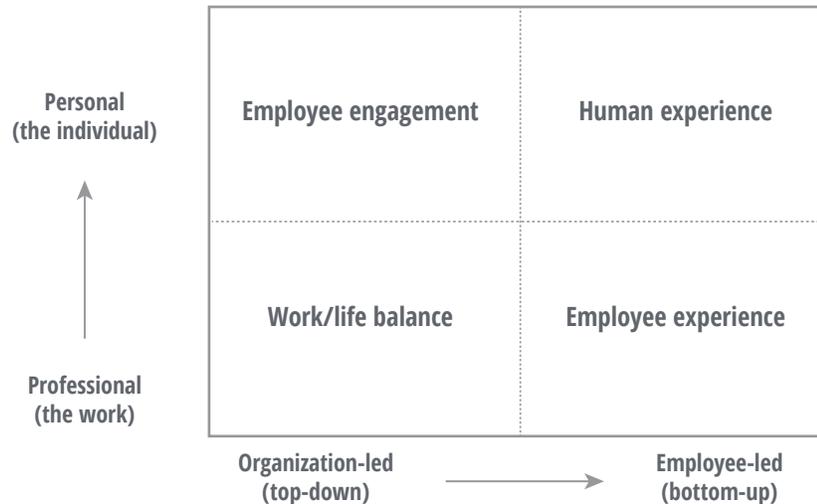
Perhaps the research put it best by saying that many employers fall short by failing to capture the human side of workers.⁶

Where does that leave us? We see an opportunity to reframe and elevate the employee experience and have expanded the terminology to capture what we're calling the *human experience*. Human experience builds upon the foundation of the employee experience, but extends beyond work processes to focus on the meaning of the work itself, thereby targeting the most



FIGURE 4

When experience is bottom-up and personal, it becomes focused on “human experience”



Source: Deloitte analysis.

personal question that can exist in the workplace: Am I making a difference? (Figure 4.)

Bringing a refreshed sense of meaning to work

Meaning is an aspirational driver that seeks to support others in making a difference that matters and motivates people to continue to do better. To start, it’s about more than creating a qualitative mission statement or purpose. Also, it goes beyond corporate social responsibility, and it does not necessarily equate to doing something “good” or socially desirable. It starts by asking, *What are the aspirations of our customers, employees, and partners?* Meaning refers to connecting work back to a deeper understanding of the participants involved—customers, workers, and other stakeholders—and the bigger impact the work will have on helping them achieve their aspirations.

Wharton management professor Adam Grant found that call center employees were 171 percent more productive when they had the opportunity to spend time learning about the impact their services were having on the end customer.⁷ For instance,

the simple act of putting a face to a name can help create meaning in an otherwise routine job. At the same time, meaning also derives from the day-to-day work: Am I using my strengths and capabilities? *Am I working with people I respect to deliver something of value?*

Understanding and driving meaning is critical because it is a key motivator and helps sustain effort over time. If an organization can articulate a purpose that matters across stakeholders, it will get an impact, but if it can also tap into the purpose and meaning for the workforce and connect to what matters for the customer, the effect will amplify. The catch here is that meaning is more nuanced than cost or even value—it cannot easily be pushed; the individual worker or customer will ultimately decide if something is meaningful. The goal for business and talent leaders is to explicitly consider what meaning can be derived by workers and customers based on the design of products, services, and jobs.⁸

Owning the experience symphonically

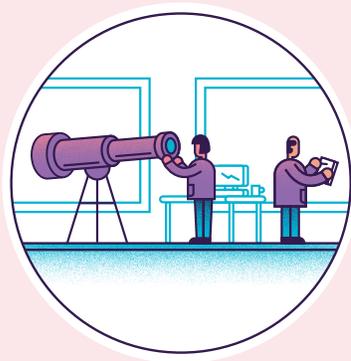
To create the human experience at work warrants an end-to-end focus similar to the way

organizations think about their customer experience. Traditional HR responsibilities such as hiring, onboarding, job design, rewards, and development don't fully address issues with the work itself, which means a multifunctional focus is needed. In fact, we believe that HR organizations must partner closely with the business, IT, facilities, finance, and even marketing to make an impact in this area.

Some organizations are already taking steps toward integrating the ownership of experience. For instance, Arm, a global semiconductor and software design company, has brought the elements of its workforce experience—such as workspaces, people technology, shared services, and mobility and travel—under a single function to help build a consistent and holistic experience for its employees.⁹

Apple has gone even further in this direction by recently asking its vice president of people, Deirdre O'Brien, to take on an expanded role as “senior vice president of retail and people.”¹⁰ As part of the announcement of O'Brien's new role, Angela Ahrendts, Apple's departing head of retail operations, said: “I look forward to watching how this amazing team, under her leadership, will continue to change the world one person and one community at a time.”¹¹

While the employee experience journey may start with a focus on the workplace, perks, and rewards, in time it must focus on the more human elements of the work itself to truly create meaning. A true human experience is one that embeds meaning into work and enables every employee to contribute in the most positive, supportive, and personal way.



Level of effort: The human experience

REFRESH

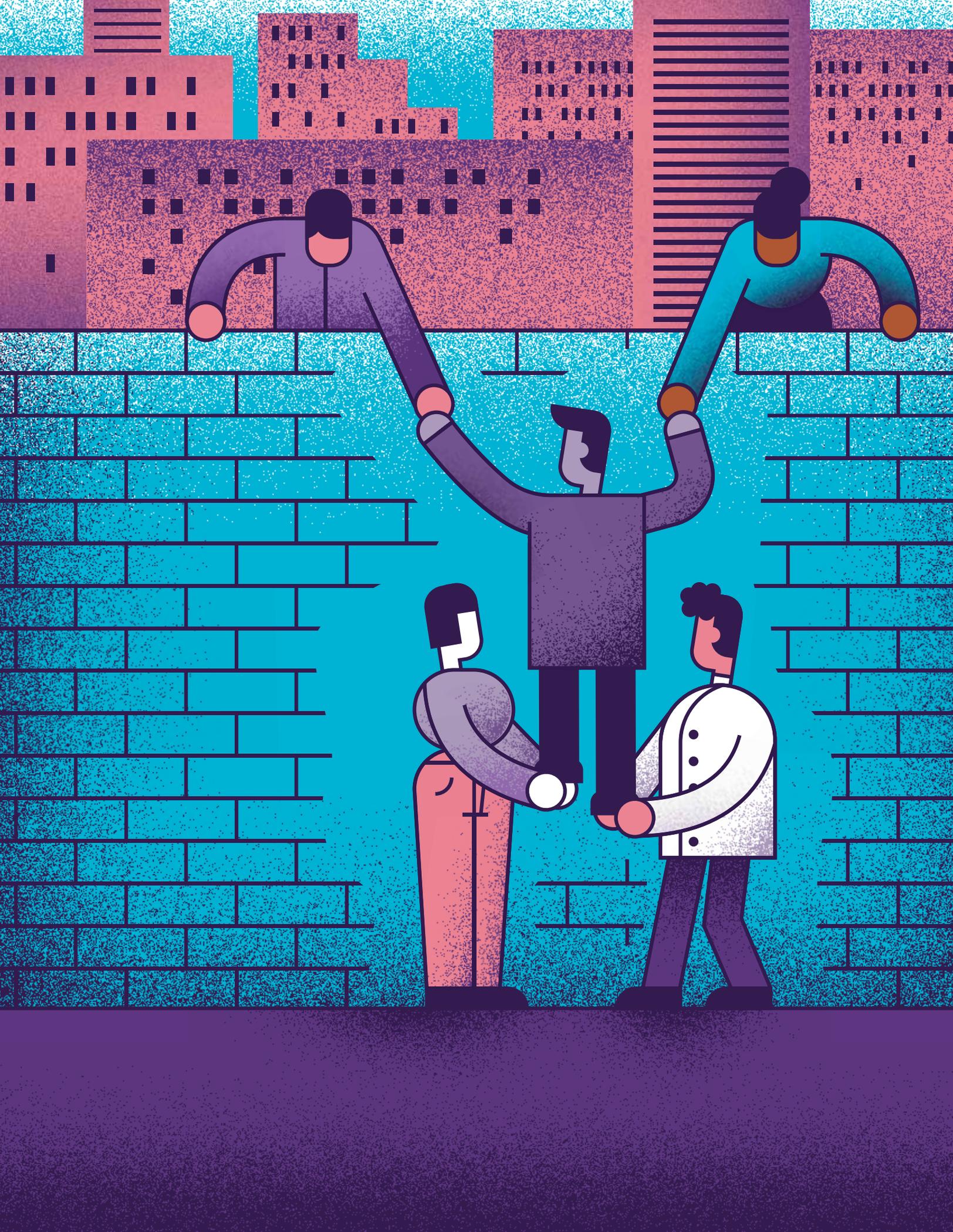
Organizations have an opportunity to refresh and expand the concept of “employee experience” to address the “human experience” at work—building on an understanding of worker aspirations to connect work back to the impact it will have on helping people achieve their aspirations.

Acknowledgments

The authors would like to thank **Art Mazor** and **Jannine Zucker** for their contributions to this chapter.

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Organizational performance

It's a team sport

The shift from hierarchies to cross-functional teams is well underway. Our data shows that adopting team structures improves organizational performance for those that have made the journey; organizations that have not risk falling further behind. These organizations can look at several ways to drive progress, such as educating leaders on how to operate in cross-functional teams and reconfiguring rewards and performance management to support team performance.

ONE OF THE fundamental changes in business today is the steady shift away from hierarchical models of management. Over the past few years, the terms “digital,” “agile,” and “network” have become commonplace. In our 2017 Global Human Capital Trends survey, “building the organization of the future” was the No. 1 trend respondents identified, with 88 percent viewing it as important or very important. Eight percent of this year’s survey respondents told us they now operate almost wholly in teams, with another 23 percent saying that most work is done in teams within a hierarchical framework (figure 1). And 65 percent of our respondents rated the ability to lead through influence as a requirement for 21st-century leadership, building management models around persuasion.

Teams and performance: A proven link

Our research this year suggests that shifting toward a team-based organizational model improves performance, often significantly (figure 2).

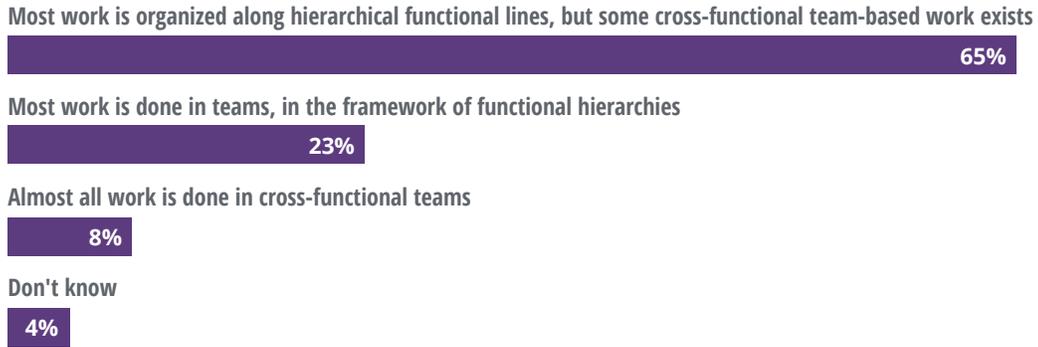
Indeed, the shift toward teams is paying off for many organizations that are executing it well. If we look at some high-performing organizations such as Cisco, Google, and others, they are promoting teaming and networking within their organizations.¹ While they have many senior leaders and functional departments, they move people around rapidly, they spin up new businesses quickly, and they have the ability to start and stop projects at need, moving people into new roles to accommodate.

Case in point: At Liberty Mutual Insurance, teams developing customer-facing products sought to pool talent from different functions, thereby enabling a more agile approach to developing products and onboarding customers. In these efforts, marketing professionals design onboarding collateral, call center professionals give input on what they are hearing from customers, and finance professionals provide insights into different payment methods.² Liberty has found that the teaming leads to improved products, and the team itself feels more empowered. To facilitate this type of teaming across its organization, Liberty Mutual Insurance has built

FIGURE 1

Thirty-one percent of respondents say that “most” or “almost all” work is done in teams

How far along are you in the process of moving to a team/network-based organization?



Source: Deloitte Global Human Capital Trends survey, 2019.

an entire management system, called the Liberty Management System, to support teams. It specifies how teams are formed, how teams operate, how they measure themselves, and how they communicate with others.³

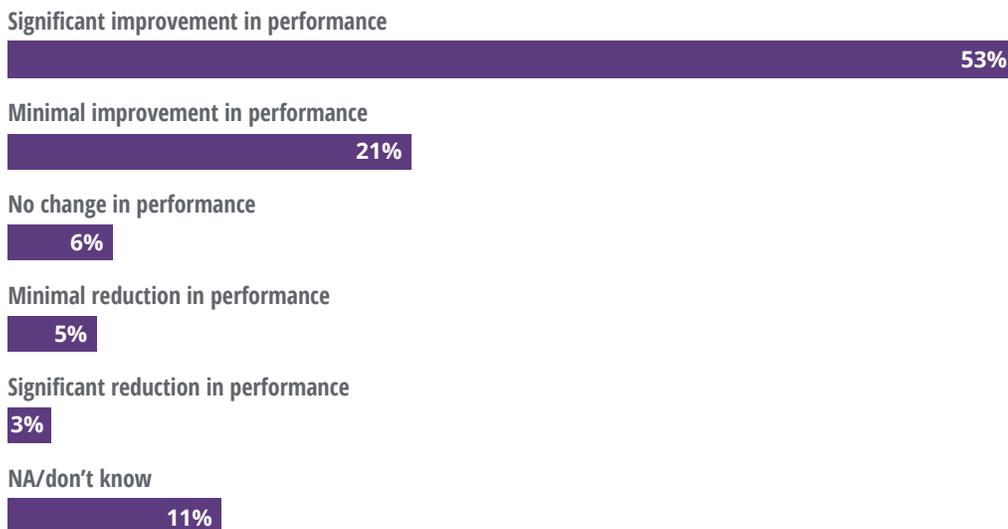
A new set of challenges has emerged

While many organizations understand the opportunities that a shift toward teams presents, there is much more work to do. Sixty-five percent of this

FIGURE 2

Shifting to a team-based model improves performance

What impact are you seeing from the transition to a team/network-based organization?



Note: Only respondents whose organizations worked at least partially in cross-functional teams answered this question. Source: Deloitte Global Human Capital Trends survey, 2019.

year’s survey respondents viewed the shift from “functional hierarchy to team-centric and network-based organizational models” as important or very important—but only 7 percent of respondents felt very ready to execute this shift, and only 6 percent rated themselves very effective at managing cross-functional teams. Despite hundreds of articles on agile methodologies and the broad adoption of agile and team-oriented tools for software engineering, getting work done through high-performing teams across large organizations is still proving to be difficult and complex.

In the early days of experimentation on this front, many organizations were nervous about making the shift to teams. As a result, early networks of teams staffed these “special” teams with only elite talent to mitigate risk. Unsurprisingly, these organizations observed sharp improvements to engagement, net promoter scores, and other relevant measures, but that improvement proved temporary in nature and it was difficult to distinguish between what extraordinary individuals were delivering versus the networks of teams design.

Over time, it has become clear that managing people and work in a network is not just a matter of creating agile workplaces and scheduling standup and scrum meetings. It also means changing the way organizations allocate budgets, train people, and reward workers. It means cultivating greater collaboration at senior leadership levels, including among the C-suite. And it means radically changing career models to facilitate employee mobility within the organization to put the right people on the right teams at the right time—no matter where they may sit.

To tackle these challenges, organizations need to embed team-based thinking internally as well as in the broader ecosystem in which today’s social enterprise finds itself. To help accomplish this, there are five layers in which team-based thinking should be embedded:

- **The ecosystem.** Define purpose-driven teams in the context of the missions they serve within the organization and externally relative to customers, partners, and society at large.

- **The organization.** Design “front-led” networks of teams that promote multidisciplinary collaboration and empowered decision-making.
- **The team.** Build teams that demonstrate new agile and collaborative ways of working.
- **The leader.** Select and develop team leaders who have a growth mindset that creates the conditions for teams to be iterative, open, inclusive, and effective.
- **The individual.** Challenge conventional talent management interventions, from succession and performance management to rewards and learning, to enable individuals to change their focus from “climbing the ladder” to growing from experience to experience.

Rewarding the right behavior

This mindset shift must start at the top. A frequent challenge to establishing a team-based culture and structure is that the C-suite itself is not yet designed to operate as an integrated team. As we discussed in the *2018 Global Human Capital Trends* report, the most senior executive jobs are often functional in nature—chief marketing officer, chief technology officer, chief financial officer, and so on—yet daily operations and long-term strategies cross these functional boundaries. Our research this year found that only 17 percent of C-suite executives “regularly collaborate on long-term interdependent work,” down from 34 percent in 2018; 44 percent of our respondents said that their C-suite executives operate totally independently or only occasionally partner on ad hoc initiatives. This may partly be due to outdated incentive structures: Thirteen percent of the C-suite executives in our survey identified “CxOs’ compensation incentives do not reward collaboration” as the most significant barrier to C-suite collaboration. The whole definition of a C-suite executive has changed, yet many organizational leaders are still struggling to make the shift.

This challenge with rewards doesn't stop at the C-suite. Often, a team-based organization will promote functional and project management experts into senior roles, rewarding people for their followership, relationships, credibility, and teaming skills. To be effective, these leaders must promote inclusion, fairness, and transparency so that teams can operate well.

A team-based organization also pays people based on their influence and impact, not only their job level, tenure, or title. This aspect of encouraging teaming remains difficult for many, however. One way to reward and pay people for their performance on teams, though not without challenges, is to reconfigure performance management around team-based goals; 28 percent of our respondents said that their organizations awarded performance rewards based on "achievement of measurable team metrics" (figure 3). Recent Bersin™ performance management research has found that high-performing organizations are more than twice as likely

as their low-performing counterparts to include overall team performance in their evaluations.⁴

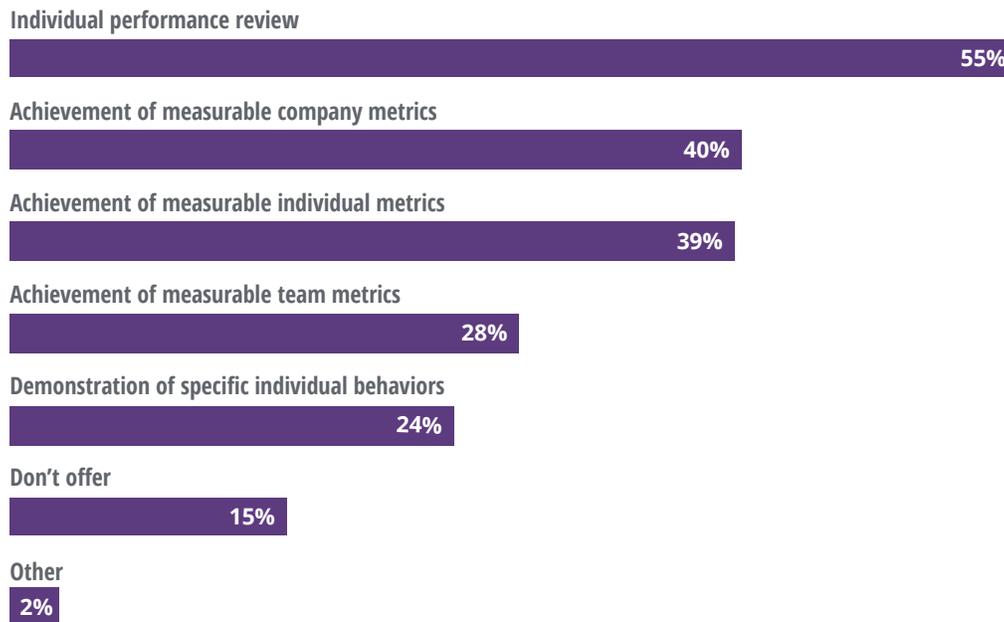
Taking a refreshed look at teaming

Organizations are not without means to address such challenges. Practices such as organizational network analysis (ONA) to examine team behavior and effectiveness are starting to take hold. Network data can easily be collected through brief surveys. Many vendors are also starting to embed network algorithms into email systems, giving organizations the ability to use people's "digital exhaust" to understand how their networks operate and where the hierarchy might be helping or hindering their ability to get work done. While some regions have restrictions on collecting the data needed for ONA—in the European Union, for instance, the General Data Protection Regulation (GDPR) requires workers to

FIGURE 3

Most performance rewards are still based on individual performance

What is the basis of performance-based rewards in your organization? Select all that apply.



Source: Deloitte Global Human Capital Trends survey, 2019.

provide permission⁵—the power of this technique makes it worth exploring.

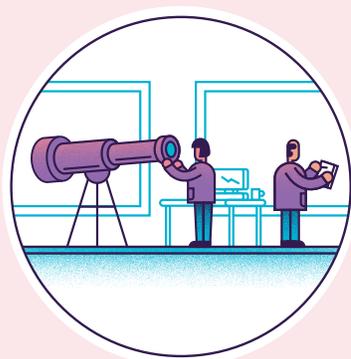
At one company in the technology sector, for instance, which wanted to simplify its organizational design in an effort to become more customer-centric and proactive, ONA on data collected through survey questions discovered something unexpected: Although the company was functionally organized into 14 vertical structures, its people were actually operating in only four distinct teams. This insight informed the company’s organizational redesign, allowing it to proceed in a way that took into account its existing organization and stakeholder relationships.

In another example, a retailer with tens of thousands of employees used ONA to test whether their networks of teams were operating as designed. The analysis compared the “number of steps” it took for employees to get to the people they needed to make customers happy informally versus formally (through the hierarchy). By identifying the gaps, the organizations were able to make adjustments in team design based on performance and effectiveness data. This comparison between formal and informal ways of accomplishing work is a major leap in the field of team and organization design, and it is enabling

evidence-based decision-making in the adoption of collaborative teams.

Efforts like these highlight human-focused reinvention at its finest. By leveraging technology to evaluate the organic way in which people interact and operate, organizations can not only improve their performance by moving toward a more team-based environment, but simultaneously empower their workforce, thereby unleashing their full human potential.

The global trend toward team-based organizations is growing for a reason: It is a more effective model for operating in the dynamic, unpredictable business environment typically seen today. In the long term, we believe there will be no leading organization that does not work primarily on the basis of teams. However, we recognize this will be an incremental journey for many. “Agile at scale” or other frameworks that push all teams in the organization toward multi-functional networks may be one step too far for some. Striving for a culture of collaboration and aligning incentives with team performance can enable organizations to take the first step, build adaptive muscle and confidence, and start their journey toward becoming a true team-based culture.



Level of effort: Organizational performance and teams **REFRESH**

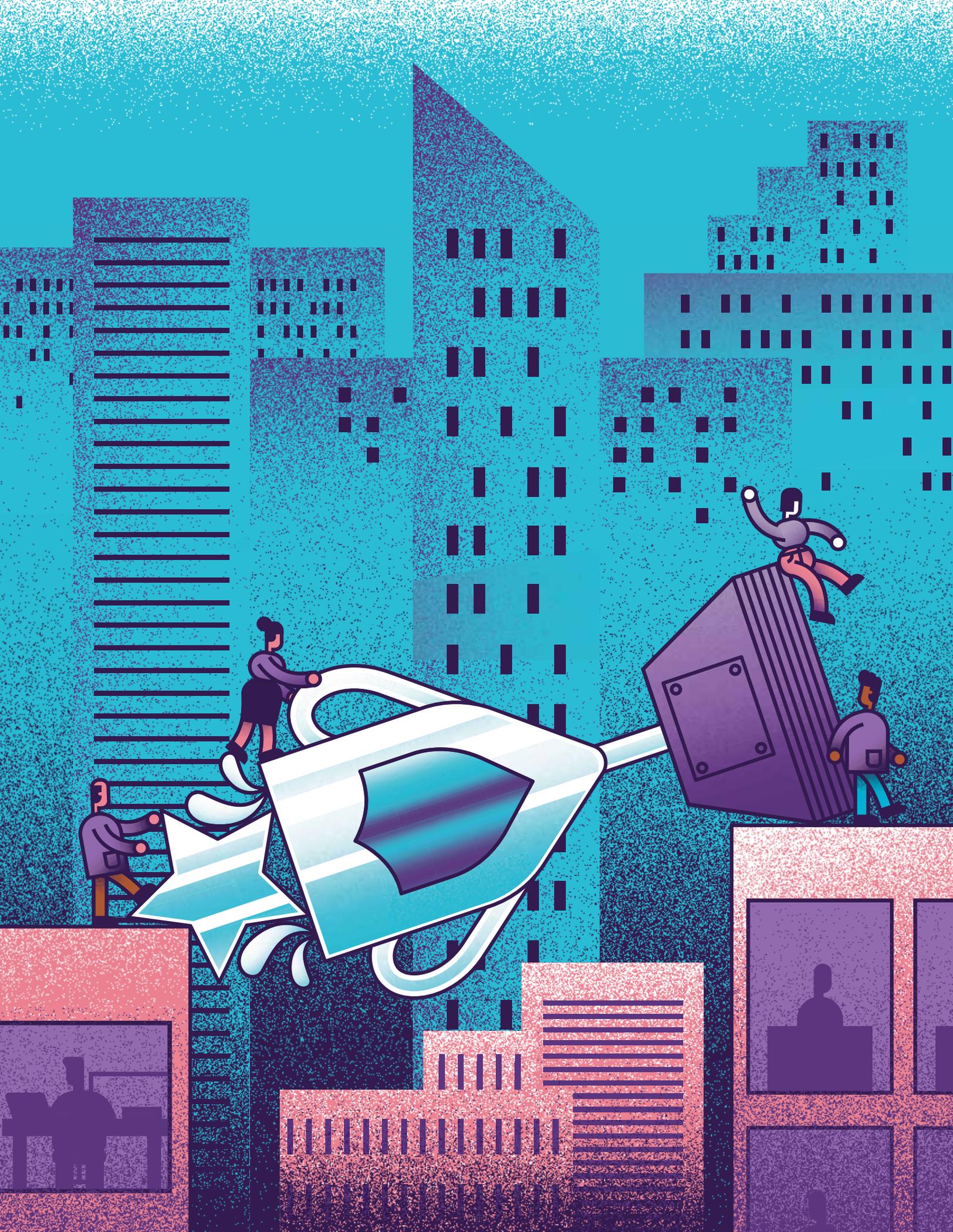
New mindsets and technologies are easing the shift to new team-based models of work. However, many leadership and talent practices and behaviors continue to raise significant barriers to fully supporting a team-based operating model.

Acknowledgments

The authors would like to thank **Amir Rahnema**, **Tiffany McDowell**, and **Don Miller** for their contributions to this chapter.

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Rewards

Closing the gap

Rewards programs are falling behind both internal and external expectations. For workers, rewards mean more than money. They are looking for personalized rewards that meet their needs—and yet most organizations have been guessing and don't know what their people want or value. Meanwhile, rising social pressures on organizations, driven in part by disparities in wealth and the gains from economic growth, mean more organizations need to account for how their own pay and rewards systems stack up against broader worker and societal expectations. In the domains of learning, leadership, teams, and career development, rewards have to be adjusted to drive the desired outcomes. There are gaps and growing frustrations across the board.

AS ORGANIZATIONS COMPETE for talent by touting organizational purpose, the workforce experience, career growth and fulfillment, and a wide variety of development programs, one critical component of the equation has fallen behind: rewards. This year, only 33 percent of respondents to our Global Human Capital Trends survey felt that their organizations were ready or very ready to address this issue, and only 11 percent of respondents believed that their rewards strategy was highly aligned with their organization's goals (figure 1). Why is this area of business so hard to manage?

First, let's consider the economy. It has now been 10 years since the global financial crisis, and many economies around the world have recovered.¹ Corporations are reporting record profits,² and

in the United States, the unemployment rate fell to its lowest level in nearly five decades.³ Globally, many advanced economies, with a few exceptions, are also seeing unemployment numbers lower than in a decade or more.⁴ In 2018, Japan, the United Kingdom, Germany, and others saw their unemployment rates fall to lows not seen in years;⁵ and China's unemployment rate hit 3.8 percent.⁶

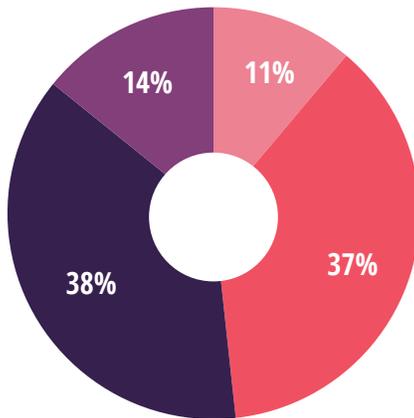
Wages, on the other hand, are not keeping up with inflation, despite a small uptick at the end of 2018.⁷ Why aren't wages growing with the economy? Our research shows that even in today's highly competitive labor market, many organizations are reluctant to raise wages, with many extending noncash benefits to their workers instead. The well-being market, for example, is now a US\$45 billion industry, and organizations are increasing spending

FIGURE 1

Fewer than half of our respondents felt that their rewards strategy was aligned or highly aligned with overall organizational goals

To what extent is your rewards strategy aligned to your overall organizational goals?

■ Highly aligned ■ Aligned
■ Somewhat aligned ■ Not aligned



Source: Deloitte Global Human Capital Trends survey, 2019.

on well-being by more than 7 percent this year.⁸ Organizations have offered flexible work hours, free lunches, unlimited vacation, and many other fringe benefits in efforts to make the workplace better. It seems that employers are willing to throw almost anything at their people to try to improve the workforce experience, as long as it doesn't involve above-market raises in base pay.

We believe that many organizations are stuck in old-fashioned thinking: They see labor as a cost, not an asset, so they keep wages and associated spending on labor down.⁹ This philosophy might help organizations meet short-term financial targets. But as our global survey shows, the need to reskill people, restructure work, and improve the workforce experience is now paramount. This means that a broader view of rewards is becoming more important than ever as organizations look for effective ways to motivate their people. Increasingly, it makes good business sense to view all human capital spending as an investment, not an expense, and rewards are no exception.

Rewards to relationships

When we ask workers what's important to them, the No. 1 answer is not money but the value of the work to them.¹⁰ A recent study that asked 2,400 professionals what inspired them most at work found that "the nature of the work itself" came in first, followed by "the ability to learn, grow, and progress."¹¹ This shift from rewards to relationships is critical to creating and embedding a workforce experience that stands alone as a differentiator in attracting and retaining the high talent workers of tomorrow (figure 2).

And this mindset around the workforce experience doesn't just apply to full-time employees. Respondents to this year's survey ranked compensation, flexibility, learning and development, and health and well-being benefits as the most important rewards in engaging the alternative workforce. It is critical for organizations to decide how to apply rewards practices not only to full- and part-time workers but also to gig workers, contractors, and crowdsourced talent who fall outside the traditional bounds of the employer-worker relationship. With the expanding challenges of maintaining compliance with labor market regulations and expectations, however, it's easy to see why many organizations have struggled to achieve harmony between their rewards strategies and the greater range of worker types (figure 3). Most haven't explored the issue in depth.

Best fit, not best practice

Just like the shift in the composition of the workforce, almost nothing about work and workplaces is the same as it used to be. People are looking for different things from their jobs beyond a paycheck, a retirement plan, and insurance. The workforce and its needs are more diverse. And above all, workers today can easily search employer reviews and ratings, find and compare rewards offerings across organizations, and decide for themselves their relative value. As a result, the old, standard method of determining the competitiveness of rewards—benchmarking compensation and

benefits by industry and geography—holds little weight. Formal benchmark data quickly becomes outdated, which essentially means organizations are looking at where someone else has been to determine where they should go next.

Rather than rely on benchmarking, we believe that organizations should ground their rewards strategies in their organization’s unique culture and objectives and focus on curating employment brands that highlight how their rewards are different from

FIGURE 2

Employers should focus on cultivating relationships with workers—not just giving them rewards

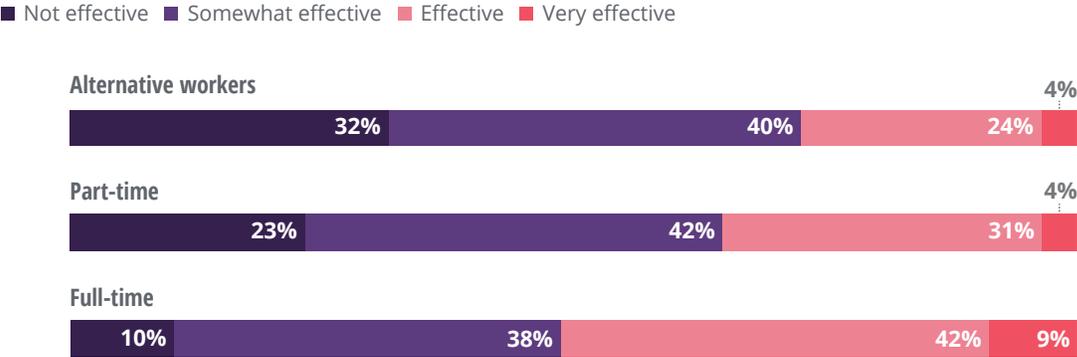
Rewards	Relationships
Employers viewed compensation and benefits primarily as rewards in recognition of service and effort	Employers are reframing rewards as a way to reinforce achievement and motivate high performance
Employers took a one-size-fits-all approach to benefits for the workforce	Employers are exploring a more tailored approach responsive to workers’ individual needs and wants
“Total rewards” was defined as the accumulated value of compensation and benefits	“Total rewards” encompasses compensation, benefits, well-being, development, and recognition
Workers depended on information given by employers to assess the competitiveness of their rewards	Workers create their own perspective of relative value through social media and other publicly available information
Rewards was managed as a separate and distinct competency within HR	Rewards is part of a broader focus on experience, often combined with learning, development, and career progression

Source: Deloitte analysis.

FIGURE 3

Many respondents rated their organization’s rewards ineffective at accommodating alternative workers’ needs

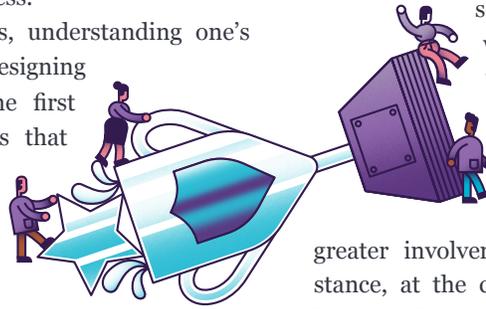
How effective are your organization’s rewards at accommodating the diverse needs of different types of workers?



Note: Percentages may not total 100 percent due to rounding.
Source: Deloitte Global Human Capital Trends survey, 2019.

those of their competitors. For example, organizations that need to attract large numbers of highly educated early-career workers might promote their innovative approaches to helping employees deal with student debt. An organization with a business model built on agility, meanwhile, might highlight its frequent compensation review cycles and agile rewards offerings compared to organizations with a more typical year-end process.

Whatever the design is, understanding one's own workforce and designing rewards accordingly is the first step to providing rewards that not only motivate performance but encompass the broad workforce experience organizations are trying to create. That said, staying attuned to workers' expectations and needs can prove a challenge: In this year's survey, respondents identified "Not understanding what's most important to employees" as the top barrier to changing their organization's rewards strategy (figure 4).



Starting from a refreshed slate

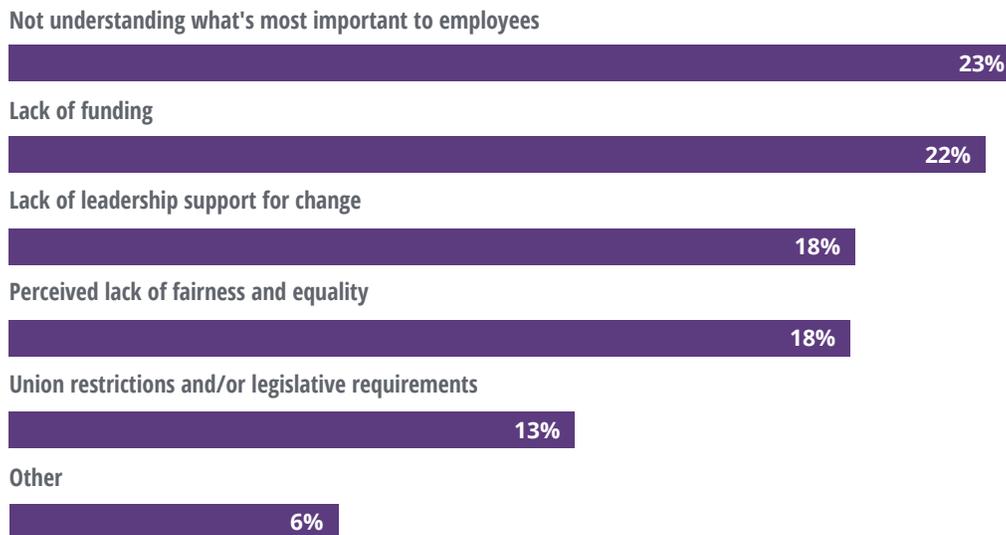
The frequent lack of alignment between organizational strategy and rewards means that many organizations must step back and refresh their rewards approach. The advantage of getting this right—of providing the best rewards for an organization's workers—is particularly apparent now, when the labor market is tight and skilled workers are scarce. Providing the right rewards will enable organizations to retain them and keep them producing at high levels.

To understand what rewards are "right" for a given organization's workers may require greater involvement from the business. For instance, at the cybersecurity company Avast, the business leaders have primary responsibility for total rewards, owning the rewards budget and allocating it as they see fit to encourage retention, worker performance, and other desired outcomes. HR plays a supporting, coaching role, offering advice and guidance but leaving final rewards decisions to the business.¹²

FIGURE 4

Understanding what workers value is a frequent challenge

What is the greatest barrier you perceive to changing your company's rewards strategy?



Source: Deloitte Global Human Capital Trends survey, 2019.

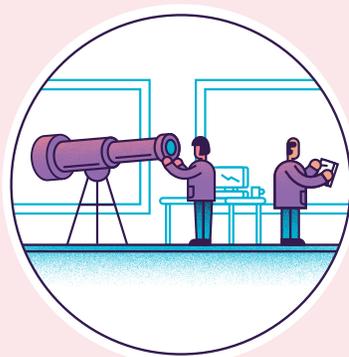
In other cases, organizations have gone directly to their workers to find out what they want. N6A, a public relations firm, offers traditional benefits to its workers, but now also allows workers to customize their rewards in a program called Pace Points. The perks and rewards workers value most—whether cash, health club membership, travel, housing, nutrition and meal services, or other items and services—can be obtained by earning “Pace Points” for individual, team, and companywide achievements.¹³

And these organizations aren’t alone. In fact, the latest research by Bersin™ tells us that high-performing organizations are six times more likely to use data and analysis to understand the rewards preferences of their workers compared with their lower-performing counterparts.¹⁴

But transparency needs to go both ways. While understanding what workers want is one part of the equation, the other part of a winning rewards strategy is to make sure that people understand what they’re getting. Here, organizations need to do a better job of explaining their rewards to

workers—and to articulate that rewards may change as people migrate through different roles, sometimes up, sometimes down, and sometimes across the enterprise. Such transparency about pay runs counter to common practice: Only 18 percent of the respondents to our survey believe that they have a “very transparent” model to communicate pay information. But as risky as being open about pay and other rewards may seem, it is an essential part of the dialogue around rewards that organizations should maintain with their workers to understand their needs and articulate the organization’s efforts to meet them.

In the world of the social enterprise, where workers are seeking deeper meaning in their work and organizations are striving to create a greater human connection with their workers, rewards can either be an incredible motivator or a topic of contentious debate. To help avoid the latter, organizations must expand their view of rewards, engage their workers, and enter a new world of work where perks and pay are just the beginning.



Level of effort: Rewards

REFRESH

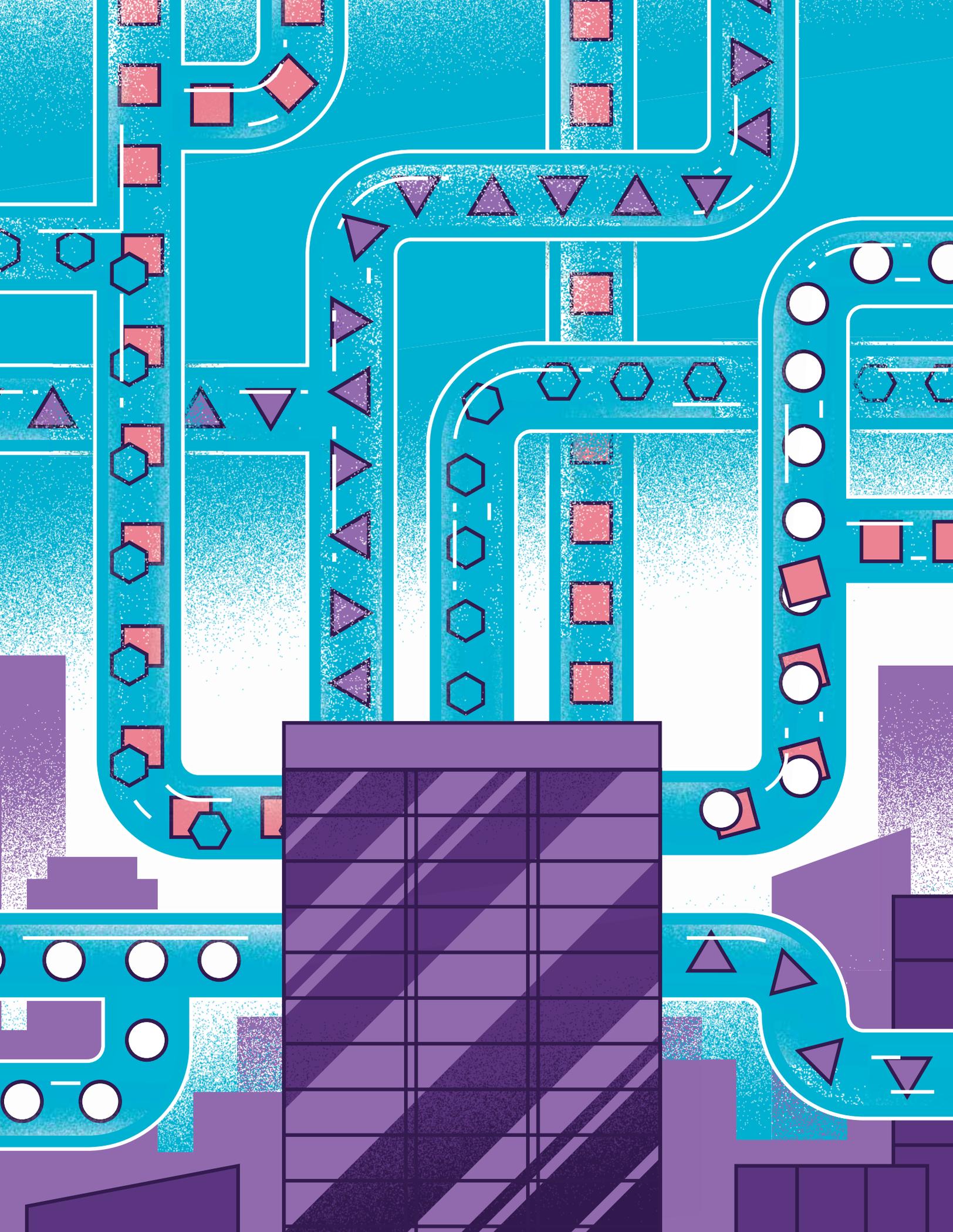
In a world of evolving worker expectations, high-performing organizations go beyond aiming to meet industry and regional benchmarks for compensation and benefits. They focus on building relationships with workers to understand their values and needs, and delivering rewards that address these values and needs in ways that support teaming and motivate performance.

Acknowledgments

The authors would like to thank **Jason Flynn** and **Melanie Langsett** for their contributions to this chapter.

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Accessing talent

It's more than acquisition

During the last decade of economic expansion, organizations have focused on finding the right talent to drive business growth. But with record-low unemployment rates and skills shortages in many technical areas, recruiting has gotten harder, leading to an escalating war of employment brands, recruitment marketing campaigns, and artificial intelligence (AI)-driven tools to deliver recruiting excellence. In 2019 and 2020, as the economy is likely to slow,¹ we think a new approach is needed. Rather than automatically opening a job requisition when a manager needs a role filled, it's time to think about how organizations can continuously "access talent" in varying ways: mobilizing internal resources, finding people in the alternative workforce, and strategically leveraging technology to augment sourcing and boost recruiting productivity.

AS THE ECONOMY continues to grow and unemployment remains low in developed countries, recruitment has become harder than ever. This year, 70 percent of respondents to the Global Human Capital Trends survey cited recruitment as an important issue, and 16 percent told us it was one of the three most urgent issues their organization would face in 2019. Economic data points out the issue: In the summer of 2018, the quit rate in the United States, the percent of employees who leave their jobs each month, rose to 2.4 percent, the highest it has been since 2001.² On an annual basis, this means that more than 25 percent of the US labor force changes jobs each year. Elsewhere, leading economies including Japan, the United

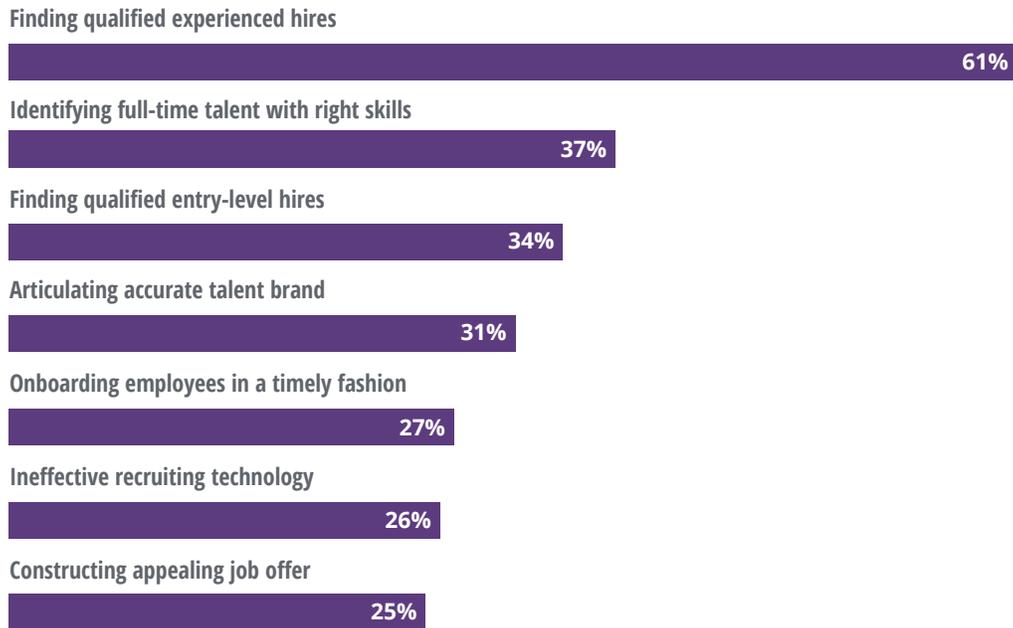
Kingdom, Germany, and others saw their unemployment rates fall to lows not seen in decades;³ China's unemployment rate hit 3.8 percent in the fourth quarter of 2018.⁴

Beyond high rates of employee-initiated turnover and lower rates of unemployment, other challenges unique to today also exist. The accelerating adoption of automation is creating intense demand for technical skills that don't widely exist in today's workforce. And many employers believe that large numbers of college graduates are missing skills in complex thinking, collaboration, teamwork, and communication.⁵ All of these challenges make finding qualified talent particularly difficult (figure 1).

FIGURE 1

Finding qualified talent is among recruitment's biggest challenges

What are the biggest challenges with the talent acquisition process? Select all that apply.



Source: Deloitte Global Human Capital Trends survey, 2019.

The right capabilities may be right under your nose

In this talent-constrained environment, we see three main sources of capabilities that can be leveraged more strategically. While each of these tactics may seem obvious on the surface, none of them have been tapped to their fullest potential to date, making them some of the most promising ways for organizations to go after needed talent.

First and foremost, organizations should look much more strategically at moving current employees into available opportunities across the enterprise. This is a key differentiator for both recruiting and talent; in fact, it is so important that we have written a separate chapter about it in this year's report. An internal hire need not be a "perfect" fit for a role to be afforded an opportunity for growth or skills development. Studies show that reskilling an internal hire (such as teaching a math major to code) may take a year or so, but it can be done for

as little as one-sixth the cost of hiring an external candidate.⁶

While internal talent mobility may not be a new idea, it's certainly an area where organizations have much room for improvement: Forty-five percent of this year's survey respondents said that their employees lack information on available roles inside their organization. With that statistic as the starting point, it's perhaps not surprising that 56 percent of our respondents told us that it was easier for people to find a new job at an outside organization than with their current employer.

The second source of talent is the "alternative workforce"—people who work in gig arrangements, as contractors, as contingent workers, or in other nontraditional arrangements. This tactic appears to be especially relevant for companies looking for ways to flex their workforces in response to changing business conditions. It can also be an important factor for employers in countries where strict labor laws, high severance requirements,

company-specific agreements with workers' councils, and other factors create an environment where hiring full-time employees is often less appealing due to difficulties with layoffs as business conditions change.

As we discuss in our chapter on the alternative workforce, the number of people in alternative work arrangements is on the rise around the world. The availability of these types of workers is an opportunity for organizations that want to immediately bring capabilities into the organization that can deliver on specific outcomes.

Rewiring how organizations use technology to recruit

The third, and the potentially most transformational, way to find more qualified talent is to leverage new technology. Why the most transformational? Because it is the area where recruitment organizations are the furthest behind. Consider these statistics:

- In this year's Global Human Capital Trends survey, when we asked respondents to rate their recruitment functions, we found that only 6 percent believed they had best-in-class processes and technology.
- Eighty-one percent of our survey respondents believed their organizations' recruitment processes were standard or below standard.
- In a separate Bersin™ study, only 12 percent of respondents reported having strong sourcing technology, and only 9 percent said they had strong screening technology.⁷

In addition, a large proportion of this year's Global Human Capital Trends survey respondents see the role of technology increasing across a range of recruiting processes over the next three years (figure 2). These findings lend support to the latest

Bersin™ research on talent acquisition, which shows that optimizing technology—using data to find, source, and select candidates more efficiently and taking a data-driven, expedited approach to hiring—is one of the recruiting function's biggest opportunities.⁸

The good news here is that technologies are available today that can revolutionize recruiting. A decade ago, organizations invested in applicant tracking systems as the core platform to help collect, catalog, manage, and track candidates. More recently, an explosion of new tools, many powered by AI, have come on the market to make that process more scientific, scalable, and effective. Mature organizations now use AI-driven chatbots to enable a more streamlined approach to the application process; video interviews can screen and assess candidates for their fit to a particular role and the organization; and many new tools can help with targeted job advertising and

expansive candidate searches. Tools are available, for instance, that combine publicly available data with machine learning capabilities to create a complete picture of the candidate, then highlight factors that differentiate each candidate based on their fit for the role.

Consider a simple example. A new AI-based assessment system from Pymetrics can assess a wide variety of human traits and skills, and map them directly against the characteristics of the highest-performing people in various roles.⁹ By using the tool, organizations such as Unilever and others have dramatically expanded their aperture for recruitment, hiring people who may not have expensive college pedigrees but are competent, ambitious, and ultimately able to succeed.¹⁰

As another example, Mya, one of the leading providers of AI-based chatbots for recruiting, has been able to reduce the time it takes to screen candidates by 30–50 percent or more, often giving recruiters days or a week of extra time to spend on outbound recruiting, interviewing, and other high-value activities.¹¹ And IBM's new Candidate Assistant automatically matches candidates to the

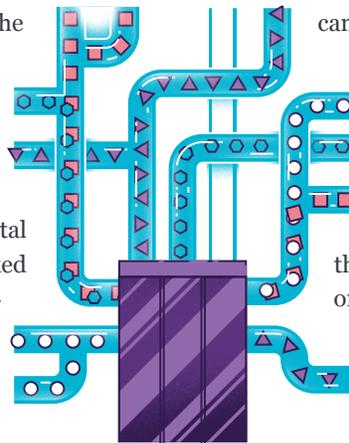
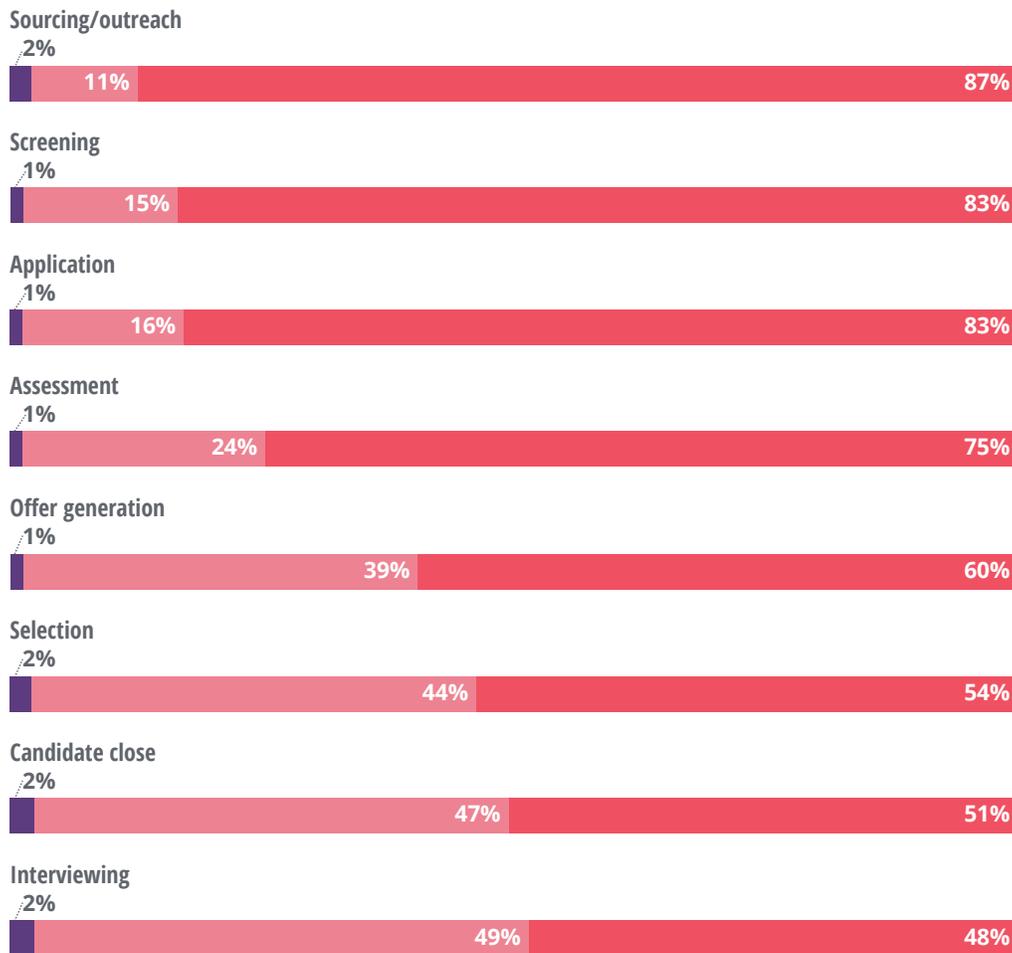


FIGURE 2

Most respondents expect technology to play an increasing role in recruiting activities in the next three years

As the use of technology increases, how do you expect the role of technology to change across recruiting activities in the next three years?

■ Decrease ■ Stay the same ■ Increase



Note: Some percentages may not total 100 percent due to rounding.
Source: Deloitte Global Human Capital Trends survey, 2019.

right jobs, increasing quality of hire by orders of magnitude.¹²

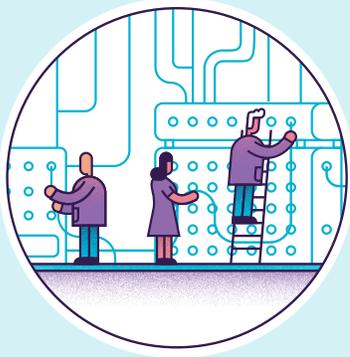
Accessing talent in the social enterprise

Beyond the obvious link that effective sourcing provides to productivity and business performance,

there is a social aspect that cannot be forgotten. Just as new approaches are enabling organizations to find talent more efficiently and effectively, they are also enabling organizations to expand their view of talent. As mentioned above, Pymetrics has enabled Unilever to greatly expand its candidate pool by identifying candidates without college degrees that have become highly effective marketing managers.¹³ Job networks like The Mom Project help companies

find highly skilled people who want to come back to work. And talent networks such as UpWork, Fiverr, 99Designs, Catalant, and others provide validated access to highly skilled candidates that might not otherwise be on the corporate talent radar. In the social enterprise, organizations that broaden the lens through which they view capabilities can not only provide opportunities to individuals whom a more conventional approach may have missed but also change their talent brand in the process.

The war for talent is raging more fiercely than ever. To win requires more than execution; it demands reinvention—not just of the talent acquisition process, but of the talent acquisition mindset. To do this, organizations should rethink how to access existing internal talent, reset traditional expectations on where talent can be found and what it looks like, and rewire the recruiting process by taking advantage of advanced technologies like AI. The talent is out there if you know how to look.



Level of effort: Accessing talent
REWIRE

Talent acquisition is shifting beyond a predominant focus on recruiting full-time hires to accessing people with the right capabilities in new ways. Looking to internal mobility, the alternative workforce, and new technologies to facilitate access to talent is essential.

Acknowledgments

The authors would like to thank **Steven Hatfield**, **Sarah Cuthill**, **Bill Cleary**, and **Denise Moulton** for their contributions to this chapter.

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Learning in the flow of life

Learning is the top-rated challenge among 2019's Global Human Capital Trends. People now rate the "opportunity to learn" as among their top reasons for taking a job,¹ and business leaders know that changes in technology, longevity, work practices, and business models have created a tremendous demand for continuous, lifelong development. Leading organizations are taking steps to deliver learning to their people in a more personal way, integrating work and learning more tightly with each other, extending ownership for learning beyond the HR organization, and looking for ways to bring solutions we use in our daily lives into the learning environment at work.

OUR TOP-RATED TREND for 2019 is the need to improve learning and development (L&D). Eighty-six percent of respondents to our global survey rated this issue important or very important, with only 10 percent of respondents feeling "very ready" to address it. Why are we seeing such high levels of concern?

Evolving work demands and skills requirements are one big reason. Our conversations with business leaders reveal that they, as well as workers themselves, are worried about how technologies such as robotics and AI could change jobs and how people should prepare to do them. Their concern is warranted: While some jobs are disappearing due to technology—38 percent of our survey respondents expect to eliminate certain jobs due to automation over the next three years—many more are being transformed. In fact, the most significant workforce and talent issue for C-suite executives that our re-

spondents identified this year was "transitioning to the future of work" (28 percent), followed by the need to redesign work (25 percent) and reskill the workforce (24 percent). Moreover, 90 percent of our survey respondents told us their organizations are redesigning jobs, and 32 percent are doing it substantially. Given that many jobs are changing, it may come as no surprise that, according to a recent World Economic Forum report, more than half (54 percent) of *all* employees will require significant reskilling and upskilling in just three years.²

Reskilling has become a growth imperative for organizations, many of which have seen positions go unfilled for months or years for lack of the right talent to fill them. It's become increasingly apparent that organizations in today's tight talent market cannot depend solely on recruitment to find people for those roles. Low unemployment rates and tight labor markets for skilled workers in many countries

have made it difficult to hire “ready-made” workers in a timely manner (it takes an average of 42 days to fill an open job today).³

Our survey respondents appear well aware of the major role learning must play in obtaining badly needed skills. When we asked them how they will deal with issues of job redesign, more leaned toward training than toward hiring as a way to obtain the talent they need (figure 1). Eighty-four percent also said that they were increasing their investment in reskilling programs, with 53 percent saying that they would increase this budget by 6 percent or more. And 77 percent of organizations are increasing their learning team’s head count, elevating learning to the second-fastest-growing role in HR.⁴

But despite the efforts and investments being made, our survey results suggest that L&D teams are not moving the needle far enough. Yes, many L&D groups are taking positive steps such as adopting agile and self-directed learning models, acquiring new libraries of content, and moving L&D closer to the business. But while 50 percent of our respondents reported that their L&D departments were evolving quickly, 14 percent said that this evolution was not happening fast enough. And with regard to learning culture, only 11 percent of our respondents—one in nine—said that it was “excellent,” with a further 43 percent rating it as good. The call to action is clear: Organizations must work to instill an end-to-end cultural focus on learning, from the

top of the organization to its bottom, if they want to meet the talent challenges that lie ahead.

Learning and work: The new organizational ecosystem

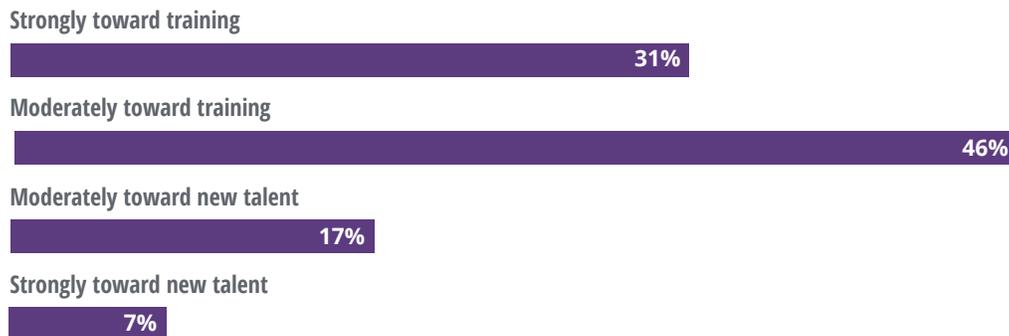
Rapid and ongoing changes in the nature of work itself are changing the relationship between learning and work, making them more integrated and connected than ever before. This creates a challenge and an opportunity to build robust work-centered learning programs, helping people consume information and upgrade their skills in the natural course of their day-to-day jobs.

To help accomplish this, we believe a new model may emerge which takes inspiration from the evolution in information technology development we have seen in recent years. As the pace of technological change has increased, IT teams have evolved from sequential, “waterfall” design-develop-test-operate models to new agile models, sometimes known as “DevOps,” that integrate system design, development, security, testing, and operations into a team-based, connected process. In similar fashion, we anticipate new approaches to integrating learning and work to arise, perhaps combining development and work into “devwork”—building on the realization that learning and work are two constantly connected sides of every job.

FIGURE 1

More respondents lean toward training than toward hiring

Given the choice between accessing new talent and training existing employees, where are you leaning?



Source: Deloitte Global Human Capital Trends survey, 2019.

To help enable the creation of this “devwork” environment, we anticipate that business and HR leaders will need to:

- Seek out opportunities to *integrate real-time learning and knowledge management into the workflow*. With cloud-connected mobile and wearable devices becoming almost omnipresent, and the introduction of augmented reality devices, organizations will be able to explore new approaches to virtual learning in which learning occurs in small doses, almost invisibly, throughout the workday.
- Make learning more personal so that it is targeted to the individual and delivered at convenient times and modes so that people can learn on their own time. Here, technology can play an important role. With growing numbers of learning providers now offering video, text, and program-based curricula in smaller, more digestible formats, organizations have an opportunity to *craft approaches that allow their workers to learn as and when they see fit*.
- Integrate learning with the work of teams as well as individuals. As teams become more important in the delivery of more types of work, organizations will *offer learning opportunities that support individuals as members of teams*, providing content and experiences specific to the context of a worker’s team.

Joint ownership, joint accountability

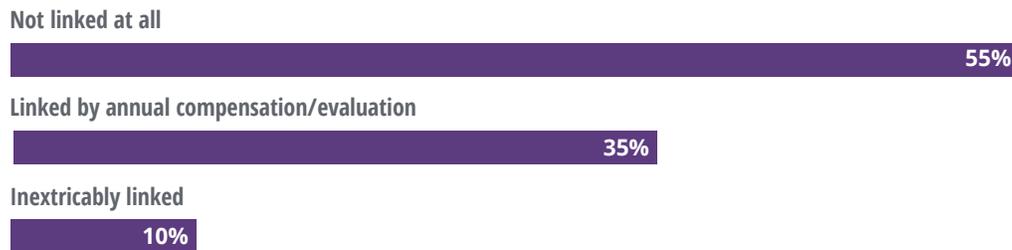
Just as “DevOps” combined software development and IT operations, “devwork” must also look to shared ownership to enable success. There is a growing view, reflected in our survey, that the responsibility for learning and development should be coowned: between workers and their organizations, between HR and the business, and among organizations, educational institutions, and governments. In our survey, 38 percent of respondents said they felt that L&D and the business should share responsibility for learning; of those who said that learning at their organization was not currently positioned for success, 48 percent said that it should move to being a shared responsibility between L&D and the business.

This shared responsibility does more than create joint ownership; it enables joint accountability for success—an area that our survey suggests remains a significant gap in most organizations. Despite often major investments in learning, many organizations are not linking performance incentives to their learning programs, increasing the risk that their learning investments may go unused and unappreciated. It is sobering in this regard that 55 percent of this year’s survey respondents said that incentives were “not linked at all” to the acquisition of new skills (figure 2), suggesting that ample opportunity exists to create and strengthen this connection. Organizations that put incentives in place to help

FIGURE 2

Incentives are often not linked to the acquisition of new skills

How closely is the acquisition of new skills tied to workforce incentives?



Source: Deloitte Global Human Capital Trends survey, 2019.

make sure that managers support learning, and that employees find learning opportunities practical to pursue, are likely to reap benefits both in terms of new skills learned and in terms of encouraging a learning culture.

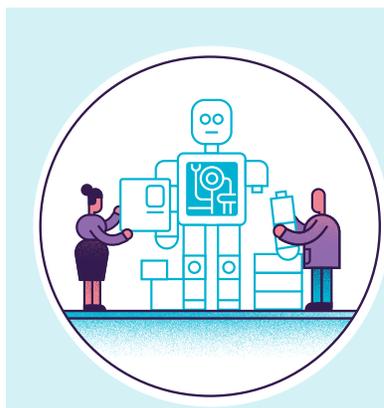
Recoding learning into the flow of life

Integrating learning and work may not be the last challenge that organizations—and individuals—face. Consider that one in four workers in the United States will be 55 or older by 2024.⁵ (To put this in context, in 1994, workers over age 55 accounted for only about one in 10 workers.⁶) Business and talent leaders, not to mention workers themselves, now need—for the first time—to plan for careers that can span 50–60 years out of a potential 100-year life.⁷ Longer life expectancies, combined with frequent job changes and the accelerating rate of skills obsolescence, call for significantly new approaches to creating diverse portfolios of learning and work experiences to support people who may work in many different fields and disciplines during their working lives. The challenge may be nothing less than to integrate ongoing learning into the flow of life.

If that is the challenge, then the solution must not only be embedded into the ways in which we work, but the ways in which we live. Enter the

emergence of learning experience platforms (LXPs), the latest and possibly most pervasive trend in the area of learning technology. LXPs represent a much-needed evolution from today's traditional learning management systems (LMSs). Where LMSs have historically been focused on business rules, compliance, and catalog management, LXPs are true content delivery systems whose functionality mirrors common technologies people use in their day-to-day lives such as streaming video and social media.⁸ With LXPs, content can be integrated into any system to offer on-demand learning; material can be organized into channels or playlists based on specific topics, skills, or learning objectives; and users can share and rate content, leave comments, and receive recommendations using dynamic social settings.⁹ In this way, the LXP becomes not just a tool for how people learn at work, but a solution for how people learn in life.

In a world where technology is changing jobs and people are living longer lives with more diverse careers, organizations have not only an opportunity, but a responsibility, to reinvent learning so that it integrates into the flow of work—and life. In the age of the social enterprise, organizations will realize that creating and maintaining a culture of lifelong learning is not just part of their mission and purpose but is what gives their workers meaning both in and out of the workplace. And nothing is more personal than that.



Level of effort: Learning in the flow of life **RECODE**

Integrating learning into the flow of work and life, and empowering people to actively develop throughout their lives, are significant challenges that will require leaders to dramatically rethink their approaches to learning, reskilling, and capability development.

Acknowledgments

The authors would like to thank **Bernard van der Vyver** and **Michael Griffiths** for their contributions to this chapter.

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Talent mobility

Winning the war on the home front

Organizations have historically focused on external recruiting to find people for new roles, but with growing skill shortages and low unemployment rates, they are now finding that acquisition alone isn't enough to access the capabilities they need. To fuel growth, organizations need to more effectively tap their current workforce to identify and deploy people with the required skills, capabilities, motivation, and knowledge of the organization, its infrastructure, and its culture. Creating better programs to facilitate internal mobility can pay off in multiple areas: growth, employee engagement, and business performance.

AS TALENT MARKETS get tighter and the world becomes more connected, a major new trend has emerged from our research: the need to improve internal talent mobility to more effectively move people among jobs, projects, and geographies. This year, internal talent mobility has become a C-suite-level topic, with 76 percent of our survey respondents rating it important and 20 percent rating it one of their organization's three most urgent issues.

It's not hard to understand why. For many organizations, their biggest potential source of talent is to access the enterprise's own workforce and internal talent market. Surprisingly, however, that market is often undervalued and even overlooked, and many organizations find it amazingly difficult to access. The sad and maddening reality is that employees generally find it easier to find new—and

more attractive—opportunities in another organization than to explore and move to new roles at their current employers.¹ In this year's Global Human Capital Trends survey, more than 50 percent of respondents told us that it was easier for employees to find a job outside their organization than inside (figure 1), a situation that leaders would do well to address.

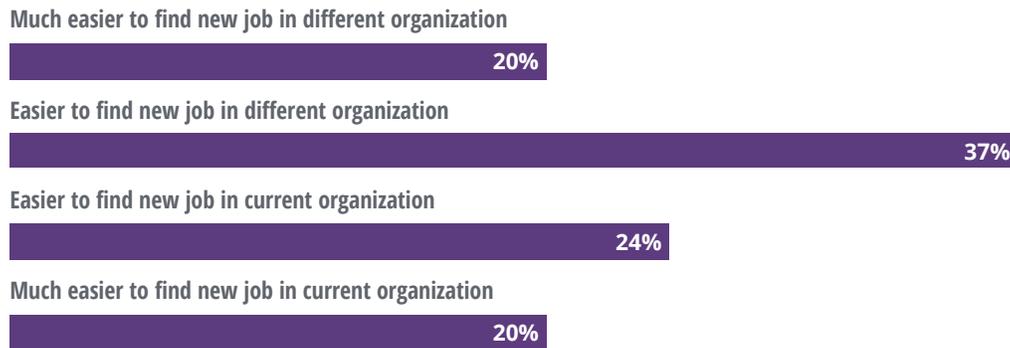
Why is internal mobility important?

Organizations have many reasons for starting to explore internal mobility in earnest. Hiring people with critical skills is highly competitive; workers who want to reinvent themselves don't necessarily want to leave their current employer; internal mobility

FIGURE 1

Most respondents believed that it would be easier for an employee to find a new job with another employer than with their current organization

Is it easier for employees in your organization to find a new job with another organization or to move jobs internally within your organization?



Source: Deloitte Global Human Capital Trends survey, 2019.

can be a way to embed collaboration and agility into an organization's culture, which is one of the key attributes of becoming a true social enterprise; and agile organizations and career models dramatically improve employee engagement and commitment. Ingersoll Rand, for example, developed a robust internal career program to help employees reskill themselves for new positions within the organization, and invested in an interactive, analytics-based technology solution that allows them to explore and access alternative roles and career paths across the company. The result: a nearly 30 percent increase in employee engagement.²

Another major driver for internal mobility is the need for many organizations to globalize their operations as they expand into the fast-growing economies of Asia, the Middle East, and Africa. Schneider Electric, one of the largest French manufacturers of electrical systems and components, changed its structure from being a Paris-based, centralized operation to having four global headquarters: one in France, one in the United States, one in China, and one in India. The company now develops and markets products in each of these geographies, requiring the organization to create a culture of mobility, diversity, and inclusion. By creating four headquarters, the company can now offer roles in all four places that were available in

only one location before, which increases both the need and the opportunity for employees to develop and grow into new roles. Schneider is now investing in new technology solutions to create more mobility options for its expanded organizational talent markets around the world.³

The shift toward flatter organization models also creates a greater need for internal mobility. As organizations start to operate in teams and networks, managers are realizing that open access to the diverse skill sets, backgrounds, and experiences held by the organizations' own people is essential for success. To staff projects and programs as they grow, team leaders have to find expertise throughout the network, which is difficult if the organization lacks an active and open internal mobility process.

Why is internal mobility hard?

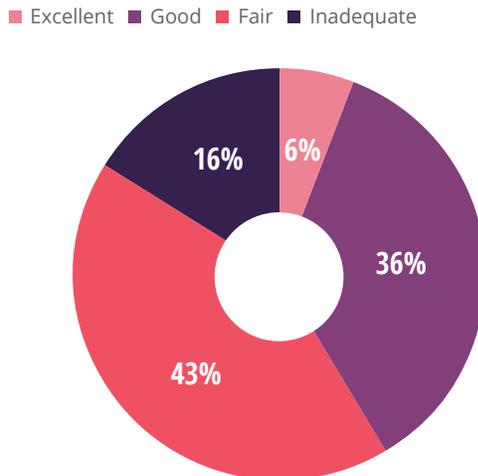
Although internal mobility is a high priority, it's not easy to do well. Only 6 percent of respondents told us they believe they are excellent at moving people from role to role; 59 percent rate themselves fair or inadequate (figure 2).

One reason internal mobility is difficult is that most organizations are modeled around hierarchical structures: systems that people enter at the

FIGURE 2

Few respondents believed their organizations were excellent at enabling internal talent mobility

How effective is your organization today at enabling internal talent mobility?



Note: Percentages do not total 100 percent due to rounding.
Source: Deloitte Global Human Capital Trends survey, 2019.

bottom and spend years working their way up to increase their influence, impact, and rewards. But while organizations have spent decades building career and promotion models to help people move *up* the pyramid, that's not the same thing as having a vibrant, easy-to-navigate internal mobility market and culture *across* the entire organization. Only 32 percent of this year's survey respondents believed that their organization's employees have opportunities to move between operating divisions. Forty-nine percent of respondents, the largest proportion, identified the lack of processes to identify and move employees as a top-three barrier to internal talent mobility (figure 3). Siloed organizational models make it hard for managers to look for talent outside their own fiefdom, and block employees' views into opportunities elsewhere in the enterprise.

What's more, incentives are rarely set up to encourage hiring from within. Unless hiring managers are actively encouraged and rewarded for hiring internal candidates, they may pass over existing employees looking for development. Equally problematic, an internal candidate's current manager may resist other departments' or managers' efforts

to recruit the person unless incentives are in place to encourage managers to develop subordinates' skills and support their growth. Indeed, 46 percent of this year's survey respondents told us that managers resist internal mobility. Team leaders who are rewarded for producing results but not for promoting internal mobility have no reason to welcome the prospect of losing a high-performing team member—creating an obstacle to mobility, no matter how hard HR promotes mobility programs.

Culture is also a barrier in many organizations. Seventy percent of respondents told us that talent mobility expectations, the culture around talent-sharing, and decision-making around mobility were inadequate or only fair at their organization. Technology and systems around internal mobility, too, are often lacking. Forty-nine percent of respondents told us that they have few, if any, tools to identify and move people into new internal roles. Forty-five percent said their employees lacked visibility into internal positions. And in our conversations with clients, many HR leaders tell us that employees find it easier to quit and be rehired than to change positions within the organization because of the lack of systems to enable and promote internal moves.

A source of competitive advantage

Are the problems worth overcoming? Our respondents think so. Beyond looking at internal mobility to fill open positions, our respondents cited several other strategic business reasons for urgently focusing on this issue. Thirty-eight percent are looking at internal mobility to build better leaders, 31 percent cite the need to expand the business, and 32 percent believe mobility is required to increase employee engagement.

At one global engine manufacturing leader, encouraging internal talent movement stems from a firm belief that learning through experience is extremely powerful. One employee we spoke with said that this emphasis makes the company a “playground for learning” and praised “the number of cross-functional moves that take place and how open leaders are to considering high performers for any number of assignments regardless of their tech-

FIGURE 3

Respondents identified various roadblocks to internal talent mobility

What are the most challenging barriers to internal talent mobility for the business? Select the top three.



Note: Only the top four responses are shown here.
Source: Deloitte Global Human Capital Trends survey, 2019.

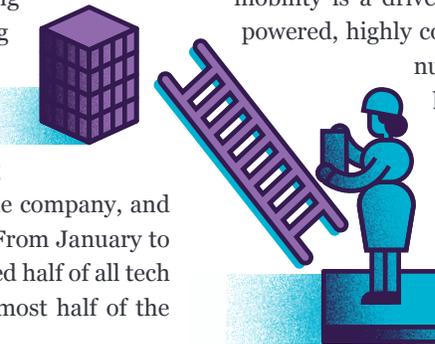
nical background.” Not surprisingly, enabling these experiences not only provides learning opportunities, but also raises employee engagement.⁴

Other organizations that have made substantial investments in internal mobility are also seeing these investments pay off. To take a well-known example, AT&T has spent hundreds of millions of dollars since 2013 on upskilling its employees, both by providing direct education and professional development programs and through tuition assistance. The program’s goal is to fill existing openings with people already at the company, and by that measure, it is succeeding: From January to May 2016, upskilled employees filled half of all tech management jobs and received almost half of the available promotions.⁵

A global bank offers another illustration of the types of talent market and mobility initiatives organizations are exploring and launching. The bank is building a new function for internal mobility that integrates talent acquisition with career mobility and takes an enterprisewide view and scope. Not only are internal mobility initiatives moving beyond new programs and processes, but leaders’ mindsets are changing to view the company’s entire workforce as a talent market that allows for multidirectional careers. This, in turn, is influencing

how leaders think about operating models and organizational structures as internal boundaries become less important and enterprise teams and internal capability markets increase in importance and impact.

Companies like these have caught on to what is becoming more and more self-evident: Internal mobility is a driver of growth in today’s digitally powered, highly competitive global economy. The numbers tell the story: When we looked at the fastest-growing organizations (those growing at 10 percent or more compared to the prior year) in our survey, they were twice as likely to have excellent talent mobility programs than organizations that were not growing at all, and more than three times more likely than organizations whose revenues were shrinking.



Recoding the norms

As organizations reexamine how they approach internal mobility, they need to address a fundamental issue: Internal mobility today is governed by a set of (often unwritten) norms that are outdated

FIGURE 4

Recoding the norms governing internal mobility

Today	Tomorrow
Limited to the executive ranks	Applicable to employees at every level in the organization
Focused primarily on geographic moves	Can be moves between functions, jobs, projects, etc.
Requires an application process that mirrors external hiring	Has a streamlined process that reinforces the belief that the organization already knows you as a candidate
Is highly manual and paper-based, and often lacks a uniform process	Is facilitated by user-friendly technology that makes the well-documented process “one click”
Is perceived to be a major change in one’s career	Is perceived as a natural and normal career step for a lifelong learner

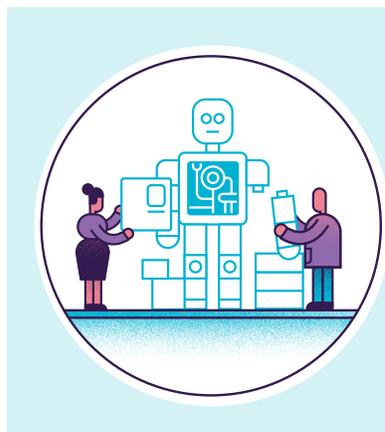
Source: Deloitte analysis.

and need to be fundamentally recoded for the future needs of today’s workers and organizations (figure 4). It is only through this reinvention that organizations may be able to unlock the potential hidden within its existing workforce.

Not surprisingly, the earliest adopters of this shift have come from the technology industry. Spotify and Facebook are leading examples. At Spotify, internal mobility has become such a core cultural element that employees take on a new role, on average, every two years.⁶ And at Facebook, employees and managers have conversations about

career progression with internal mobility understood as an accepted element.⁷

Internal mobility, in short, can be a major source of critical talent and competitive advantage. To do it well requires investment and a focus on culture, infrastructure, and incentives—but it’s an investment well worth considering for leaders looking for ways to bridge the talent gap. In an economy where outside talent is becoming more and more difficult to find and attract, looking within can make the crucial difference between struggling and succeeding.



Level of effort: Talent mobility

RECODE

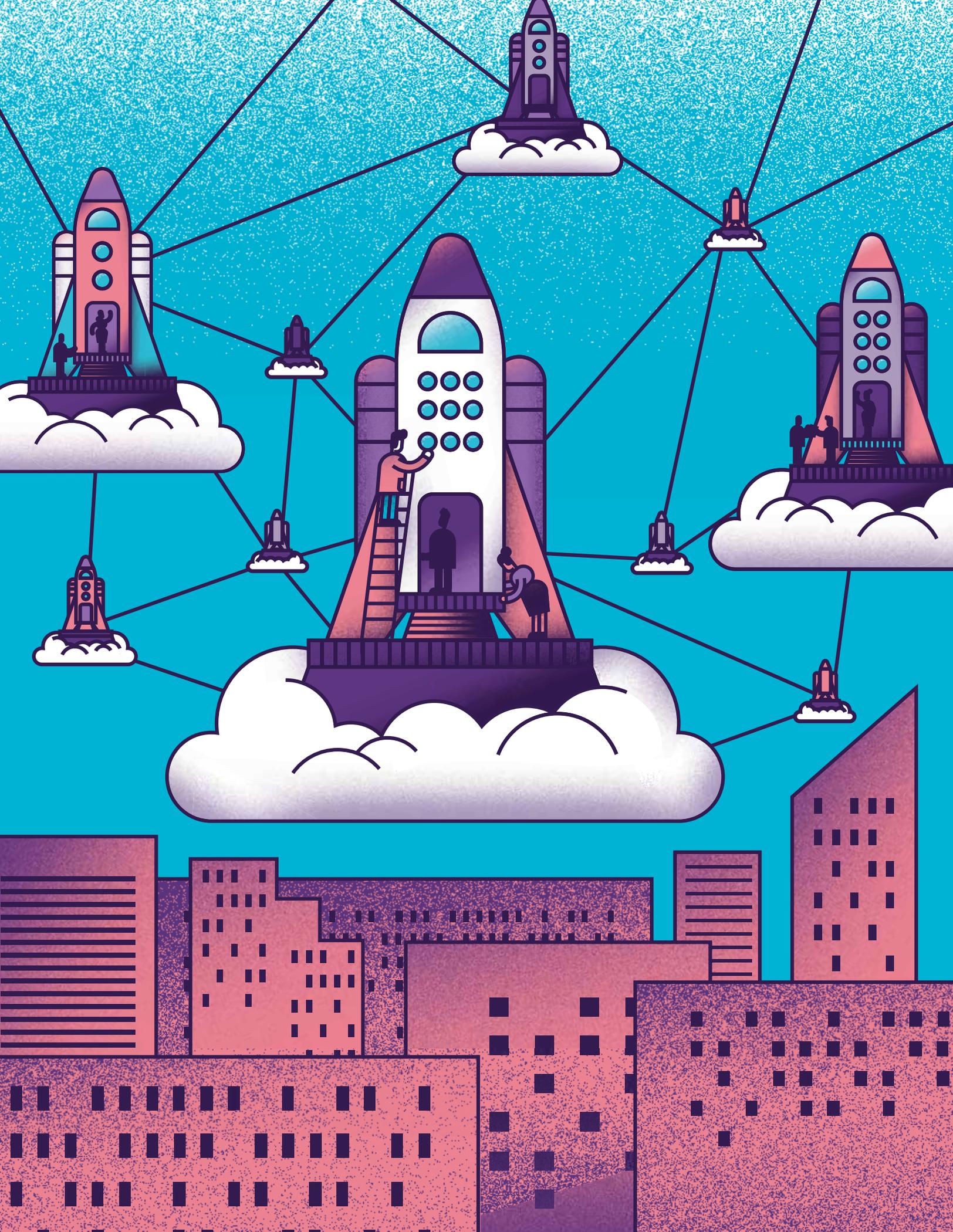
To create an internal talent and career market that is competitive with dynamic external talent markets, many organizations need to completely reimagine and rebuild their internal mobility and career strategies and programs. A starting point is to recode prevailing norms about mobility to support movement between teams, jobs, functions, and geographies as a natural step in a worker’s career.

Acknowledgments

The authors would like to thank **Rumi Das, Jonathan Pearce, Steven Hatfield, Sarah Cuthill,** and **Ina Gantcheva** for their contributions to this chapter.

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HR cloud

A launch pad, not a destination

Over the last few years, significant progress has been made in HR's move to the cloud. But although cloud computing platforms have, in general, been wildly successful, many vendors have had challenges keeping up with innovative talent management practices, driving organizations to adopt best-of-breed solutions to fill the gaps. In addition, many of the organizations adopting cloud-based human capital management (HCM) systems are not placing enough emphasis on complementary transformational activities such as redesigning their operating model, data architecture, and user experience. This is leading to technology implementations that are not delivering their full potential. Nonetheless, cloud-based HCM is establishing a foundation for change and innovation, enabling organizations to shift their energies toward more pressing challenges.

HR TECHNOLOGY CONTINUES to be a major challenge. In this year's Global Human Capital Trends survey, 74 percent of respondents rated the topic important or very important, and 21 percent called it one of the three most urgent topics their organizations faced moving into 2019. While billions have been invested in integrated cloud-based systems, many organizations tell us they are still not satisfied, and research shows that the average satisfaction with these systems is only 3.3 out of 5, a drop of 3 percent over last year.¹ Despite the intense interest in better data management, only 26 percent of respondents report effectively using technology and analytics, and only

6 percent believe their HR technology is excellent. In fact, after investing more than US\$20 billion in HR technology over the last five years,² 65 percent of our survey respondents still report that their technology is inadequate or only fair at achieving its overall objectives.

The cloud: Expectations versus reality

One of the biggest HR trends in the last few years has been the adoption of subscription-based cloud systems, which were intended to reduce the

need for IT to maintain HR software, provide a more integrated suite of tools, improve data management, improve the user experience, and deliver faster innovation. Organizations have experienced varying degrees of success in each of these areas.

First, many organizations still have a mixed set of HR systems in place. Only 5 percent of this year's survey respondents told us they have a fully integrated HR cloud platform. Most of the others have some combination of cloud and on-premise software, and 29 percent have no systems at all. Since many organizations are still using and maintaining numerous HR systems, the quality of the user experience and the level of integration have not reached the levels often promised by HCM cloud vendors. Many organizations are using employee engagement layers to improve their solutions' overall usability and to provide a higher level of technical and functional integration.

Second, most cloud vendors have not been keeping up with rapid business innovation and technological advancements. The average HR department now has more than nine systems of record—up from eight a year ago—demonstrating that organizations continue to buy multiple solutions to meet their needs.³ A huge proliferation of software by innovative new vendors has appeared in the talent management space, creating a new artificial intelligence (AI)-based talent management market with which many major enterprise resource planning (ERP) vendors are struggling to keep pace. Additionally, the market for, and the technology supporting, robotics and cognitive automation has grown quickly, outpacing the ERP vendors' product road maps and releases.

Third, cloud vendors have, in some cases, oversold their systems' capabilities. When we asked respondents to tell us what they expected versus what they realized from the cloud, the results were mixed (figure 1).

As the data in figure 1 shows, the cloud helps organizations consolidate data, create a single user interface, and improve access to data. But it also demonstrates that cloud, in and of itself, has not had a major positive impact on the employee experience, HR operations, or innovation.

Digital HR: Still aspirational

Several years ago, we wrote about “digital HR,” referring to the desire to digitize HR processes, deliver easy-to-use mobile apps to employees, and create a more service-oriented HR function.⁴ Our research this year shows that some progress has been made on this front: Twenty-six percent of survey respondents believe they have been better able to act as service-oriented HR business partners.

One company that has advanced in this area is Tencent, an internet-based technology and cultural enterprise headquartered in China, which is launching a cloud-based HR platform featuring user-driven, open collaboration and lightweight, convenient HR solutions and services.⁵ And a global retailer has recently deployed an integrated online HR experience for employees and HR that incorporates advanced capabilities such as chatbots and automation.⁶

Yet our survey also shows that there is much work still to do. Overall, only 5 percent of respondents believed that their HR technology was doing an excellent job meeting full-time workers' needs—and only 2–3 percent believed that it was excellent at meeting the needs of alternative or part-time workers. In the areas of general productivity and information tools, many organizations are also still behind. When we asked respondents to rate their organizations' abilities to deliver the tools and technologies they need to do their jobs, only 35 percent were satisfied. In short, digital HR still has some major work ahead.

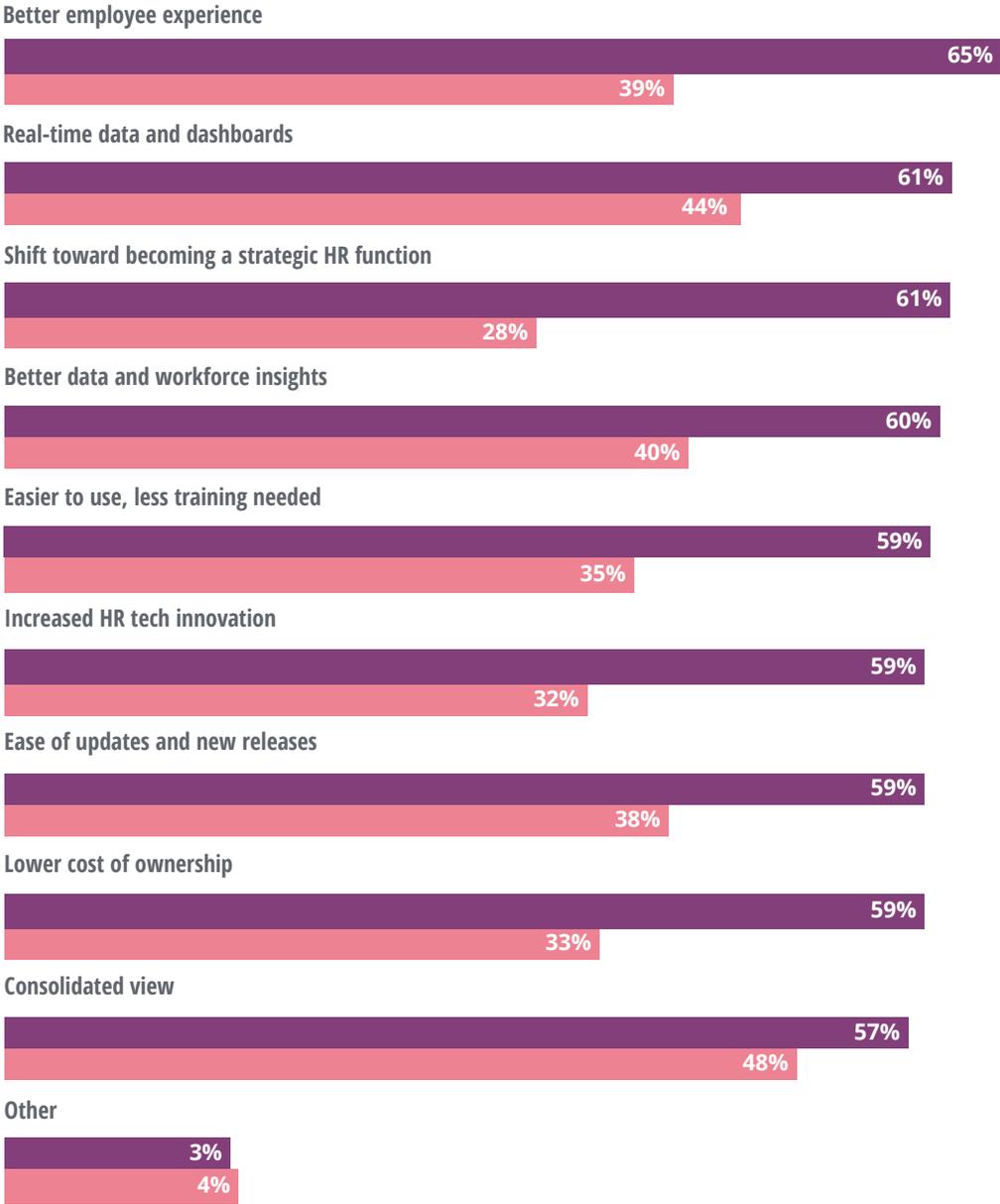


FIGURE 1

Organizations generally expected more than they actually got from their HR cloud systems

What did you expect/actually get from moving to a cloud HR system?

Expected Actual



Source: Deloitte Global Human Capital Trends survey, 2019.

Intelligent tools and experience platforms: Coming on strong

The HR technology market is rapidly evolving to try to meet organizations' needs. Today, more than 1,400 HR technology vendors are in the market,⁷ many focused on using AI, cognitive interfaces, advanced analytics, sentiment analysis, and other new technologies designed to make work easier.

The explosion of tools covers almost every imaginable area of HR. Vendors are developing tools for internal talent mobility; tools to help identify and reduce bias and discrimination in hiring and promotion; advanced benchmarking tools to help organizations compare their salaries and hiring practices with those of their peers; AI-based tools to coach employees, assess leaders, and give people well-being and developmental nudges to make work easier; and more. And major payroll vendors are rewriting their software to make it more real-time and flexible for part-time work. Some recent and anticipated coming innovations include:

- Dozens of tools to deliver pulse surveys, give feedback, and measure engagement, often coupled with tools for performance management, to give organizations a better real-time view of the employee experience;
- Well-being tools that provide coaching and access to medical specialists, record real-time data about health and fitness, and promote mindfulness at work;
- Performance management and analytics tools to help organizations deliver real-time data to managers about employee sentiment, performance management, goal attainment, and ongoing development;
- A massive array of tools to support self-directed learning, curation and recommendation of learning programs, career management, internal mobility, and mobile and microlearning;
- New systems to find job candidates, create recruitment portals, help improve recruiting

efficiency, and apply chat and AI-based tools to the assessment, screening, and interviewing process;

- Video- and AI-based tools to assess job candidates and evaluate employee sentiment and engagement; and
- Tools designed to identify bias and to enable employees to report grievances and problems, aimed at reducing harassment in the workplace.

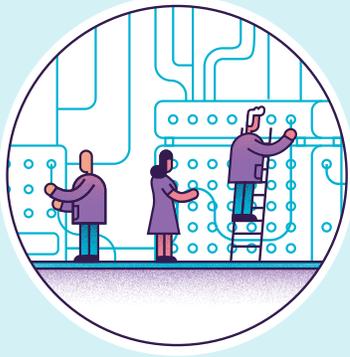
Rewiring the connections

While HR has blazed new trails through its early adoption of cloud platform solutions, automating and enhancing HR with advanced digital solutions that reshape how work gets done is imperative. Many have begun to apply robotic process automation and even artificial intelligence technologies to traditional HR activities. The introduction of virtual reality, machine learning, and social collaboration can make it possible to truly reinvent rather than only automate.⁸ This will enable organizations to rewire their people operations, creating new connections that can yield many benefits: a better workforce experience; a stronger connection among performance, learning and development, and rewards; and greater insights from using analytics across the enterprise.

Luckily, a new category of unified engagement platforms has emerged, focused on giving workers a single interface to find and access information in the heterogeneous HR market. These platforms are offering more than an improved worker experience; they are helping to create new connections that improve other aspects of HR service delivery. One example is the potential to integrate case management, knowledge management, and chatbots into a mobile experience that blends well with existing core human capital management platforms. Technologies like these promise to truly reinvent HR's relationship with the workforce, enabling HR to not only deliver a positive human experience, but also redirect its own time and attention to other emerging needs of the social enterprise.

The bottom line: While many of the challenges with HR technology remain, the pace of development has quickened, giving organizations a tremendous range of options in their plans for the future. The idea of a single, integrated cloud plat-

form has not solved everything—but it has given organizations a solid foundation on which to build. Organizations are now deploying new architectural teams to identify and integrate new tools, and a new world of talent management software is emerging.



Level of effort: HR cloud

REWIRE

Organizations have made progress with implementing cloud-based HR systems. The next step is to integrate cloud platforms with cognitive technologies, AI, and robotics, and to deploy technologies that improve workers' digital experience by giving them a single consistent interface through which to access HR services and information.

Acknowledgments

The authors would like to thank **Michael Stephan**, **Gary Cole**, and **Art Mazor** for their contributions to this chapter.

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Looking ahead

Where is reinvention headed?

THIS YEAR'S *Global Human Capital Trends* report argues that, to create value as a social enterprise in today's dynamic and demanding environment, organizations must reinvent themselves—with a human focus—on three fronts: the workforce, the organization, and HR. The 10 trends we highlight in these areas are of immediate concern to business and HR executives, issues on which leaders are being pushed to act today. But where will they take organizations five or 10 years from now, when the forces now at work have had more time to play out?

To set priorities for reinvention, we suggest that leaders first “zoom out” to envision their organization, its challenges, and its place in society in 10 years' time, considering where they want the organization to be as well as the factors that may help or hinder its progress. Accordingly, we invite readers to “zoom out” with us to think about what each of the three areas for reinvention—the workforce, the organization, and HR—might look like, or *should* look like, a decade ahead. Then, leaders can “zoom in” to identify two or three key initiatives in one or more of these areas that they can undertake within the next six to 12 months. These initiatives should be designed to solve short-term problems in a manner that will accelerate the path to the organization's long-term destination.¹

The future of the workforce

Over the next 10 years, perhaps less, many organizations will redesign jobs to better enable their people to work alongside smart machines, robots, and new forms of off-balance-sheet talent (from freelancers to gig workers to crowds). Organiza-

tional leaders and public sector policymakers should ask a range of critical questions to help guide and govern this reinvention of the workforce, including:

- What are the current and future work outcomes that organizations need to deliver?
- How can we reimagine and recompose:
 - *Work*, to automate work and augment the workforce with robotics and AI?
 - The *workforce*, to effectively access and deploy talent using the full range of traditional and alternative work arrangements?
 - The *workplace*, to extend where and how work is performed using virtual collaboration platforms, remote communications tools, digital reality, and other technologies?
- To what end are we redesigning work? For efficiency and cost improvement? To create new value for customers? To create meaningful work for employees and the extended workforce?²
- How can an organization activate its leaders, its culture, and its talent processes to manage a redesigned workforce that integrates people and machines into a new way of working?
- What are the organizational and social implications of a potential bifurcation of work into “superjobs” and lower-skilled service sector jobs?

The future of the organization

Organizational strategies and cultures have been undergoing a dramatic shift from hierarchies

and “command and control” mindsets to people practices that use empowered networks of teams to enable enterprise agility. As this shift continues, we see several areas where organizational leaders may need to reinvent their strategies and structures:

- How does the organization integrate into, and differentiate its role in, the larger networks and platforms in its sector and industry—and even beyond? Where does your organization start and end with respect to others in the ecosystem?
- How can organizations create informal systems that take advantage of the way people naturally behave to drive experimentation, innovation, and idea generation, and to maintain a happy and productive workplace?
- How can teams be placed at the center of the organization’s performance and development?
- How can organizations develop leaders who have the mindsets, attitudes, and experiences needed to create the conditions for teams to be iterative, open, inclusive, and, ultimately, effective?
- How can organizations design jobs, work experiences, and work environments that allow individuals to grow and find meaning in their work and in their relationships with the organization?

The future of HR

Work and organizations will still exist in 10 years, though likely in new forms. What about HR? How will the mission and work of HR evolve? A number of open questions can be posed about the future for HR and its role in people and workforce management:

- What will the future HR organization be responsible for? Will HR redesign jobs? Organize work? Drive growth? Deploy and develop teams? Integrate learning and work?

- What capabilities will HR require to carry out these responsibilities?
- How will HR cultivate workforce engagement? In a future defined by multiple talent models across multiple worker types, how will HR partner with business leaders to create integrated, meaningful, work and learning experiences for people whose careers may span 50 years in a 100-year life?
- With the rise of the social enterprise, how does the organization’s talent brand relate to its corporate brand? What is the envisioned relationship between the HR, marketing, and customer experience organizations? Is there still a CHRO, CMO, and CCO, or do these executive roles morph into new ones?
- Given that HR models and operations have historically been based on stable business processes and staffing models, how will HR operations need to be reimaged in a world of constantly shifting networks and teams?
- How will HR operations need to change in order to access, curate, and engage a workforce that includes both traditional employees and a variety of alternative worker types?
- How will HR use technology, including AI technology, to reinvent itself? How can this enable HR to lead the reinvention of the business?
- Will HR continue to exist in its current form, or even at all?

Reinvention with a human focus offers a path forward through the challenges and uncertainties facing organizational and HR leaders. We see the future belonging to leaders who can look ahead and define a destination that works for their organizations, their customers, their people, and society at large. Zooming out and zooming in, and asking hard questions about the trends affecting organizations today and tomorrow, is critical to moving forward.

Endnotes

1. For more on the “zoom out/zoom in” method of strategic planning, see John Hagel and John Seely Brown, *Zoom out/zoom in: An alternative approach to strategy in a world that defies prediction*, Deloitte Insights, May 16, 2018.
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Acknowledgments

Please join us in thanking our many colleagues from around the globe who have supported the 2019 Global Human Capital Trends program. Producing the report is a nearly year-long process that leverages the expertise of our Deloitte leaders, their interactions with business and HR leaders, and the results of our extensive global survey. We would not have been able to produce this report without the energy of our dedicated team:

Julia Epstein and **Julie May**, who helped to lead this program from the United States and Global, and their team of **Erica Elias**, **Mia Farnham**, **Jamie Morgenstern**, and **Gabby Zusin**.

Mara Truslow, **Mukta Goyal**, **Shruti Kalaiselvan**, and **Ann Vu** for leading the survey and data analysis workstream, as well as the tireless team of **Anupama Adusumalli**, **Disha Arora**, **Bhakti Atara**, **Ketaki Batura**, **Rashmi Bharti**, **Mansi Bhatt**, **Ananshi Chugh**, **Gunit Gandhi**, **Henna Mohanty**, **Sania Motwani**, **Rupali Pasari**, **Divya Patnaik**, **Parinitha S.**, **Naina Sabherwal**, **Deepa Sastry**, **Poorva Vashishth**, **Suyash Verma**, **Kriti Vij**, **Stuti Vyas**, and **Shikha Warikoo**.

Christy Hodgson, who drove the marketing strategy and related assets to bring the story to life. Also, thanks to **Diksha Dehal**, **Sue Ostaszewski**, **Shannon Poynton**, and **Christina Wakeman**, who managed the marketing workstreams, together with their colleagues **Ayushi Agarwala**, **Christina Anderson**, **Kelsey Casey**, **Andrea D'Alessandro**, **Savvy Gonsalves**, **Weatherly Langsett**, **Caroline Levy**, **Mari Marcotte**, **Jamie Morgenstern**, **Jenny Park**, **Keely Peebles**, **Emily Scott**, **Kristy Spratt**, **Julie Shirazi**, **Caroline Regan Williams**, and **Gabby Zusin**.

Melissa Doyle and **Steve Dutton** for their leadership in public relations.

The Deloitte Digital team that enhanced the app, led by **Andrew Pollen** and supported by **Hamdi Abdat**, **Matt Cairns**, **Renee June Culaway**, **Siti Nur Durrah Hamdan**, **BK Khur**, **Xianping Lai**, **Kyaw Oo**, **Nicole Scoble-Williams**, and **Chaitalee Zade**.

The Deloitte Insights team that supported the report's publication, including **Junko Kaji**, who provided editorial guidance; **Kevin Weier**, our Deloitte Insights art director; **Sarah Jersild**, who created the Deloitte Insights introductory video; and **Amy Bergstrom** and **Alex Kaweck**, who led Deloitte Insights' promotional efforts.

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