

Workforce Changes and the Challenge of the EVP

Greater Cincinnati Compensation & Benefits Association

November 28, 2017



Agenda

7:30 a.m. – 8:20 a.m.

Networking, Registration and Full Breakfast

8:20 a.m. – 8:30 a.m.

Announcements

8:30 a.m. – 10:15 a.m.

Program

John Jones, Talent Line of Business Leader, North America
Willis Towers Watson

**Baby Boomers are retiring
at the rate of
1 every 9 seconds
between now and 2029.**

Or are they?

**The average U.S. student today
will have 10 to 14 jobs
before age 40.**

Or more.

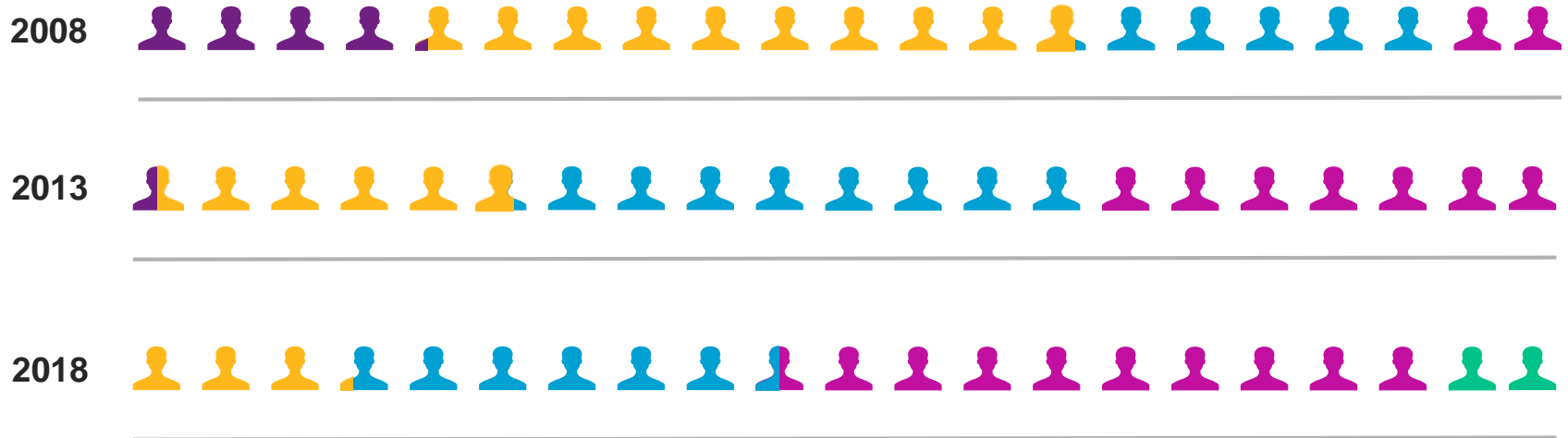
**The percent of children entering
school today who will end up in
jobs that do not exist yet
65%.**

65%+

What will 2018 look like for your organization?

Illustrative company demographic shift

Global company U.S. population — By age

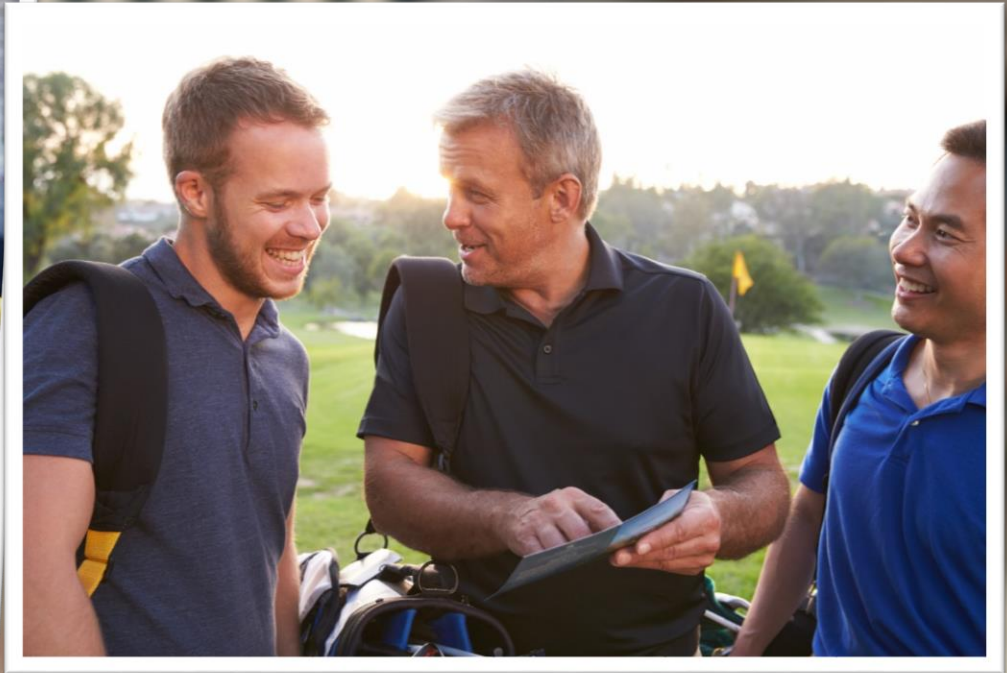


 Pre-boomer  Boomer  Gen. X  Gen. Y  Gen. Z

Baby Boomers: 1946 to 1963



Generation X: 1964 to 1979



Generation Y: 1980 to 1995



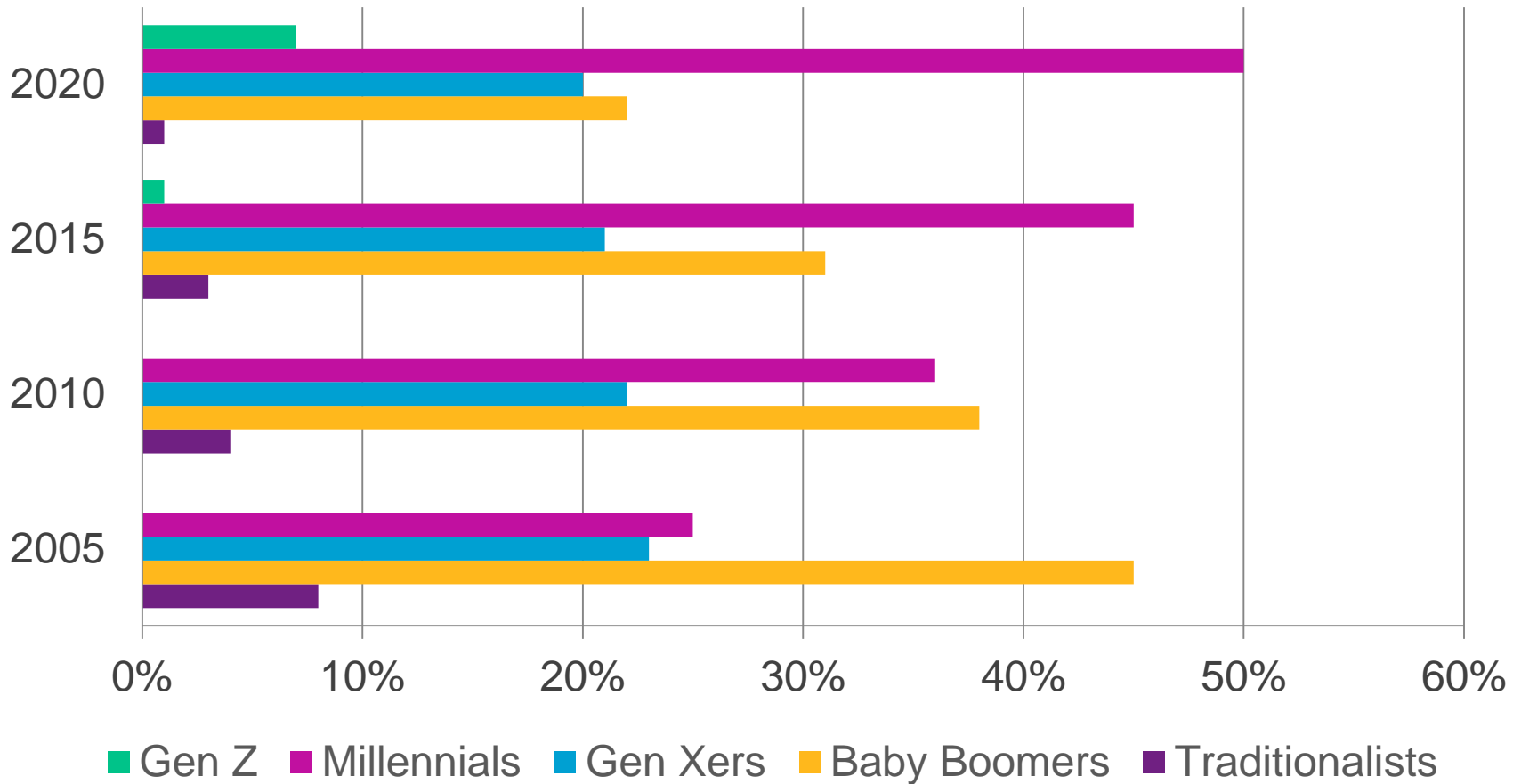
Generation Z: 1996 to present



Generational shifts in the workplace

By 2020, Millennials will make up 50% of the workforce

Five Generations in the Workplace



Source: Bureau of Labor Statistics, Employment Projections

Getting it right starts with understanding the top drivers of attraction

- Companies understand the importance of competitive base pay, career advancement opportunities and challenging work
- But they overestimate the importance of their mission and values and do not place enough emphasis on job security

Comparing top drivers of attraction



Rank	Employee View	Employer View
1	Base pay/salary	Career advancement opportunities
2	Job security	Base pay/salary
3	Career advancement opportunities	Reputation of organization as a great place to work
4	Challenging work	Challenging work
5	Opportunities to learn new skills	Job security
6	Reputation of organization as a great place to work	Organization's mission, vision and values
7	Health care and wellness benefits	Opportunities to learn new skills

You also need to understand why employees would choose to leave your organization

- Companies understand the importance of competitive base pay and career advancement opportunities
- But they do not acknowledge the importance of the physical work environment and job security

Comparing top drivers of retention



Rank	Employee View	Employer View
1	Base pay/salary	Career advancement opportunities
2	Career advancement opportunities	Base pay/salary
3	Physical work environment	Relationship with supervisor/manager
4	Job security	Ability to manage work-related stress
5	Ability to manage work-related stress	Opportunities to learn new skills
6	Relationship with supervisor/manager	Flexible work arrangements
7	Trust/confidence in senior leadership	Short-term incentives (e.g., annual bonus)

Top drivers of attraction and retention – By age

Attraction Drivers			
Under 30	30-39	40-49	50+
Base pay/salary	Base pay/salary	Base pay/salary	Base pay/salary
Career advancement opportunities	Job security	Job security	Job security
Job security	Career advancement opportunities	Career advancement opportunities	Challenging work
Opportunities to learn new skills	Challenging work	Challenging work	Vacation/Paid time off
Challenging work	Opportunities to learn new skills	Vacation/Paid time off	Reputation of the organization as a great place to work
Physical work environment	Reputation of the organization as a great place to work	Opportunities to learn new skills	Length of commute
Reputation of the organization as a great place to work	Health care and wellness benefits	Reputation of the organization as a great place to work	Career advancement opportunities

Retention Drivers			
Under 30	30-39	40-49	50+
Base pay/salary	Base pay/salary	Base pay/salary	Base pay/salary
Career advancement opportunities	Career advancement opportunities	Career advancement opportunities	Career advancement opportunities
Physical work environment	Physical work environment	Job security	Trust/Confidence in senior leadership
Length of commute	Relationship with supervisor/manager	Trust/Confidence in senior leadership	Job security
Ability to manage work-related stress	Job security	Relationship with supervisor/manager	Ability to manage work-related stress
Relationship with supervisor/manager	Opportunities to learn new skills	Physical work environment	Retirement benefits
Opportunities to learn new skills	Ability to manage work-related stress	Ability to manage work-related stress	Physical work environment

New work: Horrible or Wonderful?

Horrible

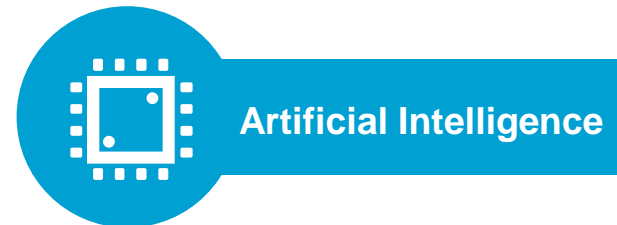
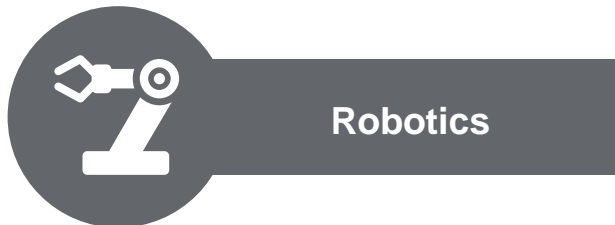
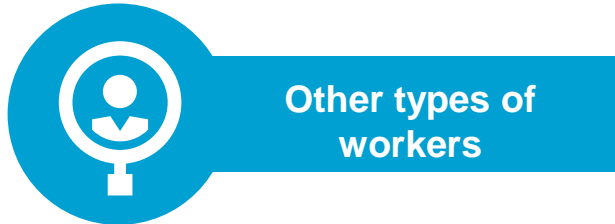
- Risk shifted to workers
- Employers stop training
- Death of the career
- Commoditization
- Rush to lowest cost
- Worker exploitation

Wonderful

- Transportability
- On-demand training
- Boundary-less careers
- Precise work-worker matching
- Rewards segmented to match needs
- Worker empowerment

The Reality: The employment relationship is changing

The plurality of work options is here...



Modernization, relevance and what's at stake

Creates increased pressure and stress on the workforce and a whole new definition of what it means to be a leader

Market trend/reality

Fast-changing market



Fast-changing technology



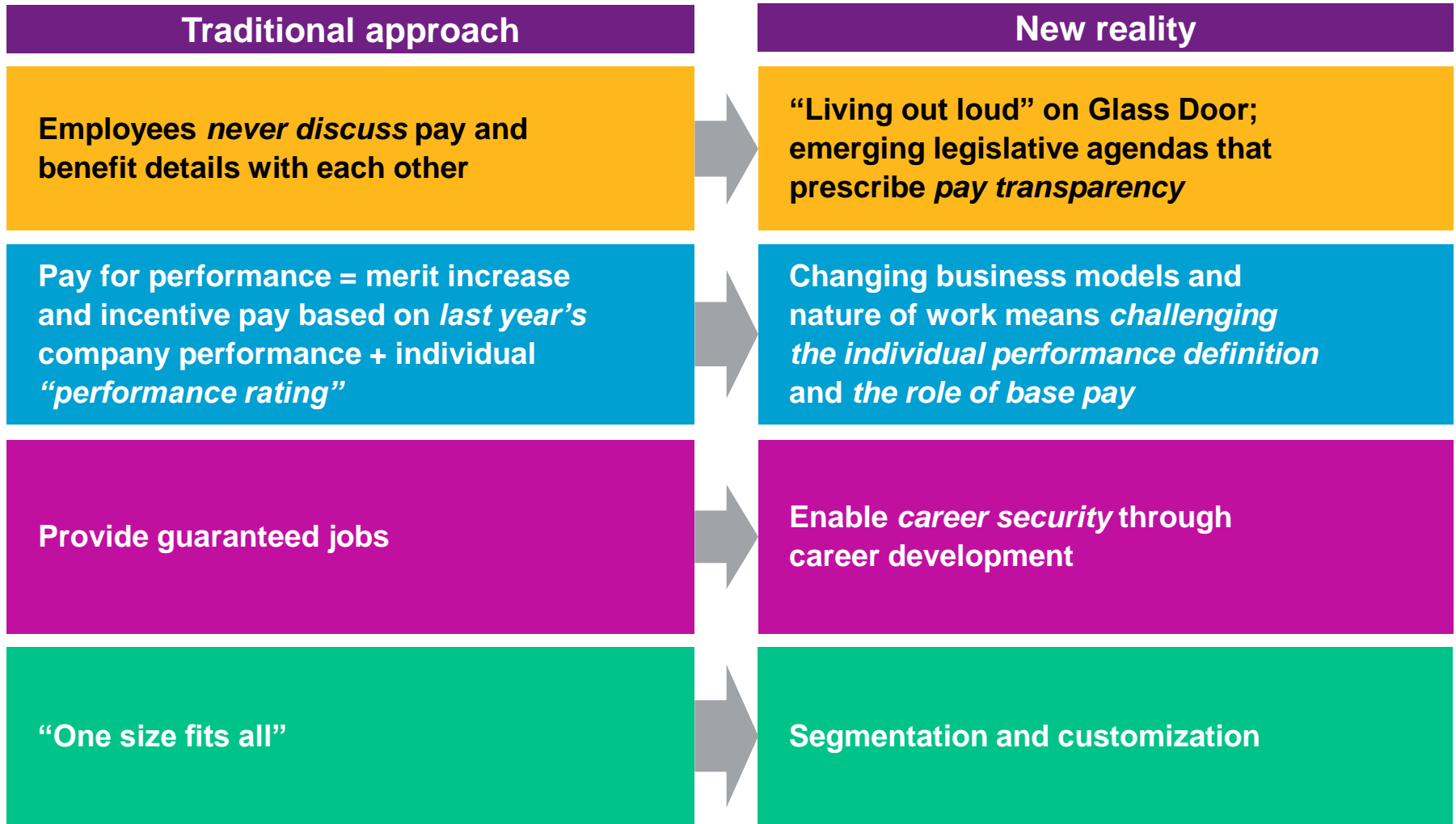
Demographic shift – it's really happening



Expectations of transparency and individualization



Modernizing means challenging conventional thinking



What's the value of an Employee Value Proposition (EVP)

EVP is more than the brand, more than the brand promise, and is more than a statement

Best practice EVP companies achieve better outcomes

Leadership



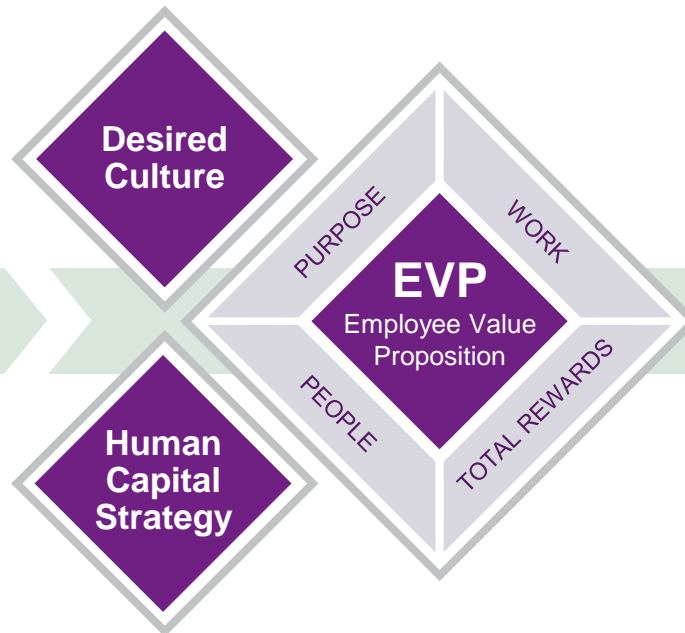
Business strategy



Human capital dimensions



Outcomes



almost **3x** as likely to report their employees are highly engaged

93% more likely to report significantly outperforming their industry peers financially

More than **10%** less likely to report difficulty attracting and retaining key employee segments

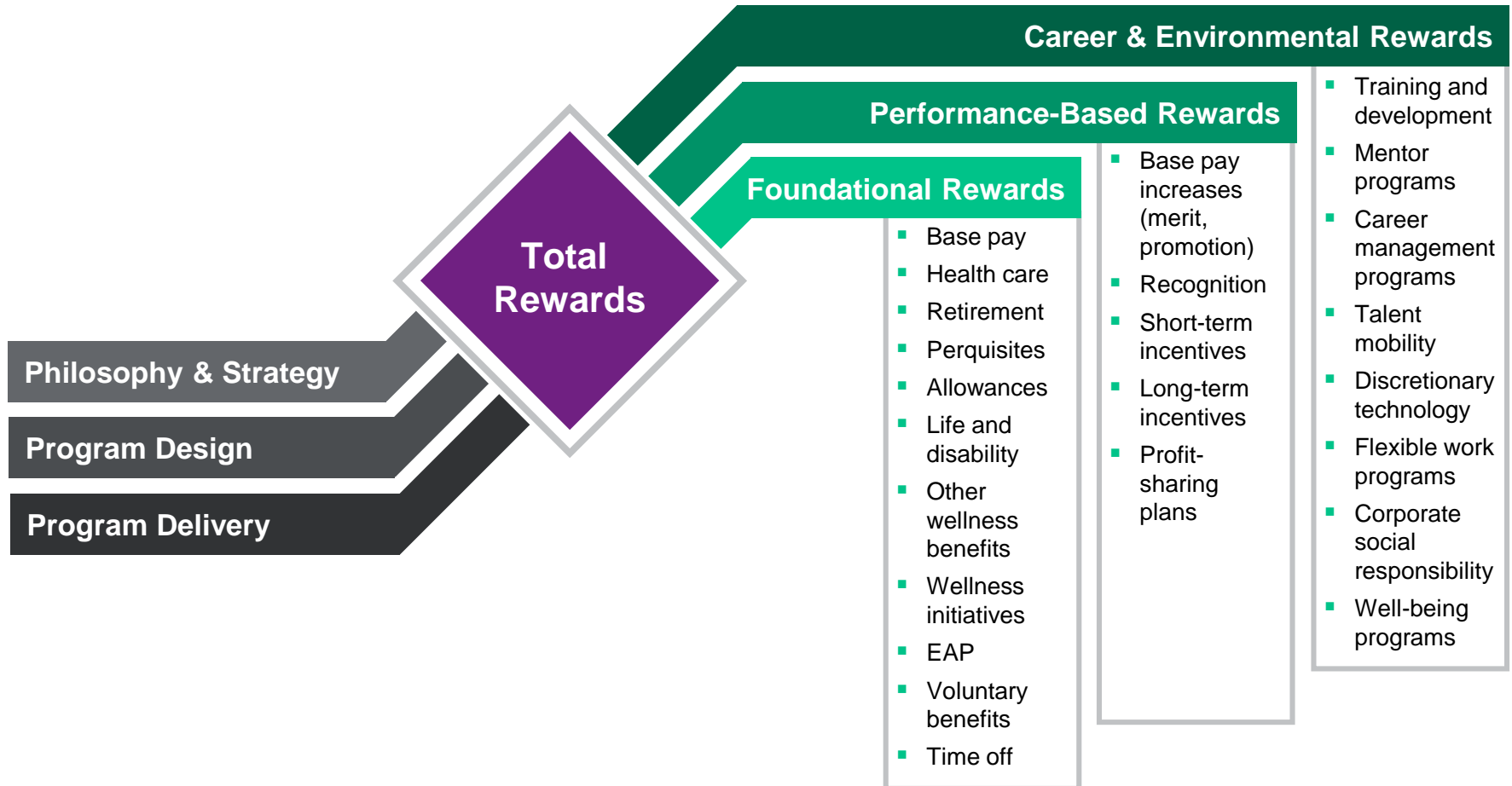
27% fewer regrettable new hires in the first year

17% lower voluntary turnover

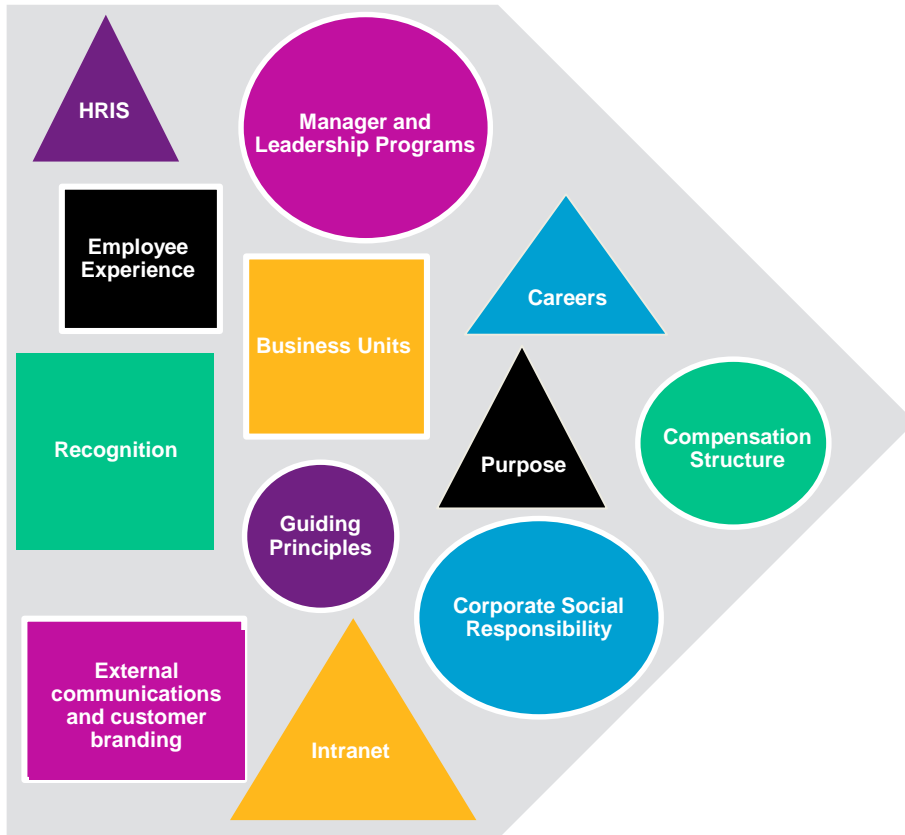
Measurement, Change Management, Communication and HR Technology

Source: Willis Towers Watson 2016 Global Talent Management & Rewards and Global Workforce Studies

Integrating the Total Rewards strategy, design and delivery will propel a superior EVP



The EVP will unify an organization's existing messages in an intentional framework that can be easily articulated



The Amazon and Google experience

Employees expect to be understood like customers

Employee View:

My organization should understand me as well as I am expected to understand our customers	56%
My organization understands employees, as well as employees should understand our customers	39%

Employer View:

My organization understands employees, as well as employees should understand our customers	46%
My organization understands what potential job candidates value, as well as we understand current employees	53%

Source: 2016 Global Workforce Study

Source: 2016 Global Talent Management and Rewards Study

What would be most beneficial to enhancing the onboarding of new employees?

Better training of hiring managers on how to effectively onboard	48%
Onboarding plans in place for every new hire	47%
Better understanding of environment/cultural fit	29%
Better matching of "buddies"/mentors	28%
Better early understanding of strengths and development	24%
Better understanding of values fit	13%

Source: 2016 Global Talent Management and Rewards Study

Getting the EVP (and transparency) right

Companies need to:

- Understand their employees and potential candidates the same way they would understand their external customers
- Customize their EVP based on different populations
- Effectively communicate and deliver their EVP, leveraging technology to understand employees and communicate differentiated messages to them
- Have formally articulated their EVP that is clearly aligned with what they stand for in the marketplace, and **differentiates them from other organizations with whom they compete for talent**

About the 2016 studies

Global Talent Management & Rewards Study (TM&R)

Fielded April – June, 2016

- 29 markets globally
- 2,004 employer respondents representing >21 million employees
- 21st annual survey

Key topics covered:

- Attraction and retention drivers
- Talent mobility and challenges
- EVP and total rewards
- Leader and manager effectiveness
- Career management
- Performance management
- Pay for performance

Global Workforce Study (GWS)

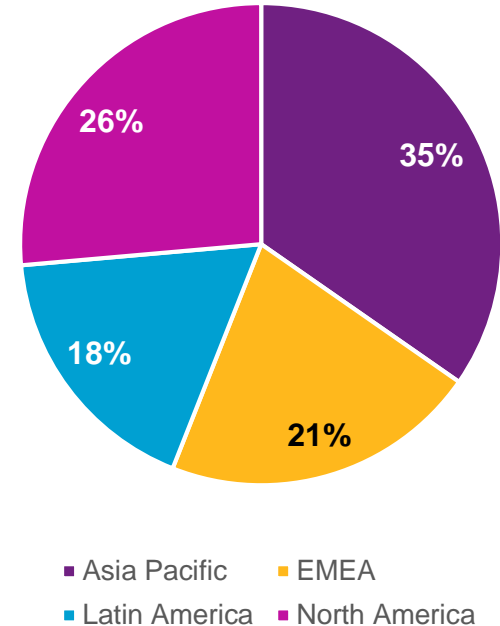
Fielded April – May, 2016

- 29 markets globally
- >31,000 employee respondents

Key topics covered:

- Attraction and retention drivers
- Drivers of sustainable engagement
- Leader and manager effectiveness
- Career management
- Performance management
- Health, stress, wellness
- Communication

2016 Global TM&R Study



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Thank You!

