

Reinventing Work: People. Technology. Time.

The Evolved Organization: The Future of Work and Talent is Here



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April 25, 2018

An Evolving Mindset...

“Without a sense of purpose, no company can achieve its full potential.”

— Larry Fink,
BlackRock, 2018

Source: Blackrock Larry Fink's Annual Letter to CEOs, 2018

*The Future isn't
coming...
It's here*

So it's official: Facebook is now the world's largest country



Source: eonline news

**The number of text messages
sent and received in one day
exceeds the population
of the planet.**



Source: wikipedia.com.

Number of jobs created for every one lost due to the internet:

2.6



Source: eonline news

Freelance workers in US economy today:

34%

(43% by 2020)



Source: Intuit (from TurboTax returns)

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



Source: USA Today Money

The Generation X population peaks in 2018



Source: Pew Research

More than **1 in 3** American
workers today are Millennials.



Source: Fluent

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



Source: U.S. Department of Labor.

Generation Z is entering the workforce in large numbers



Source: wsj.com

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



Source: Scott McLeod and Carl Fisch, quoted by World Economic Forum *Future of Jobs Report*, Davos, 2016

Modernizing HR and the Evolved Organization

What matters to today's forward-thinking CHRO...

Disruption of technology on talent markets

Learning orientation

#AGILEHR

Technology-driven cultural transformation

Creating the enterprise-wide leader

Sustainable talent platforms

DESIGN THINKING

Technology implications on human behavior

VUCA World

Creating global community in virtual environment

Team collaboration, ideation, and incubation

Speed to innovation

Future of Work. Future skills.

Speed/agility of making "new" happen

Data privacy and security

Productivity optimization

Robotics

Process simplification

the career journey

Psychological Safety

Talent Philosophy

Augmented reality

Psychometrics

machine learning

Adept at rewiring

Stability vs. Agility

Artificial Intelligence

Speed to performance

Personalization

Outcome thinking

Enabling new behaviors

Harnessing new Talent

Deconstruction of work

Organizational Change

Social media

The VUCA world continues...even more so...

Volatile... a rapid rate of change

Uncertain... unclear about future implications

Complex... multiple competing/conflicting forces

Ambiguous... lack of clarity about what events will mean — even as they occur

We need:

- » Clear intent
- » Clear direction
- » Clear vision
- » Agility to adapt to a changing world¹

“The kind of strategy that works is to be very clear about where you are going but very flexible in how you get there²”

VUCA: Judith Hicks Stiehm & Nicholas W. Townsend, *The U.S. Army War College: Military Education in a Democracy*; Temple University Press, 2002.

1. Denise Caron, CTO [Next IT](#).

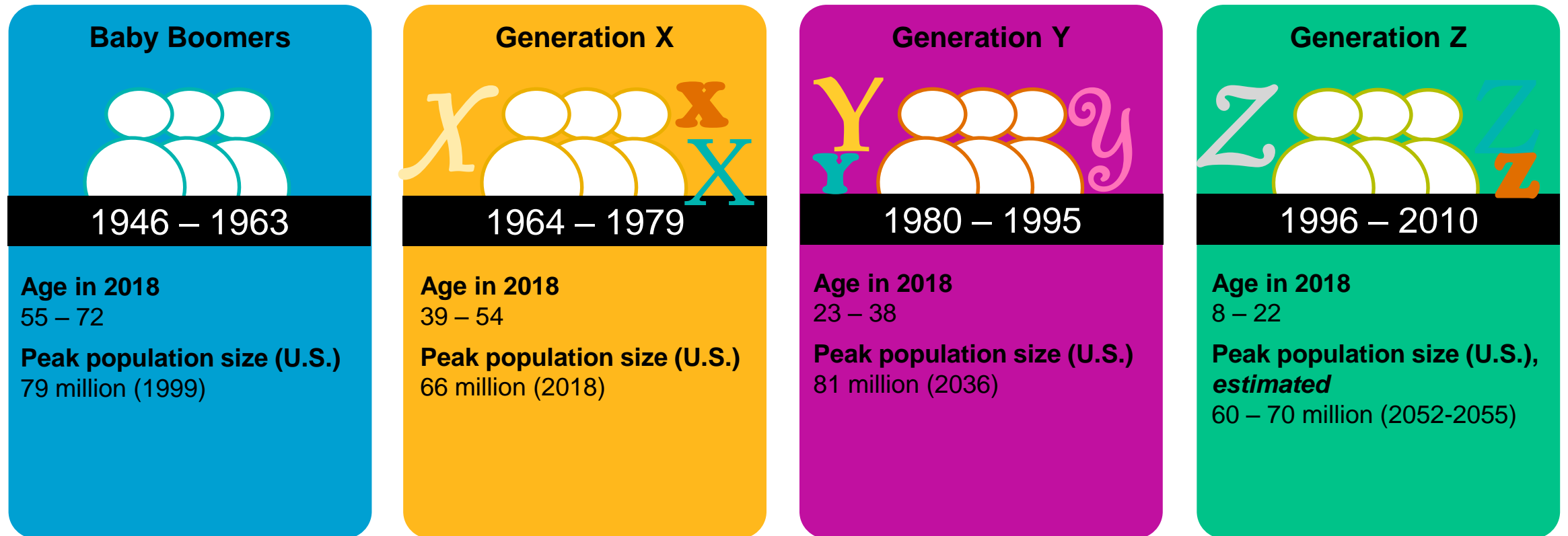
2. Bob Johansen, Distinguished Fellow, [Institute for the Future](#).

Conflicting Forces on HR...



Generational population changes drive staffing challenges

Changes in generational demographics create shortages at leadership and early career levels



Source: Pew Research Center tabulations of U.S. Census Data; WTW estimates

Talent aspirations have changed...and so have the risks



Yet, talent aspirations today translate far beyond just flexible work arrangements



Later Career Talent	Earlier Career Talent
 Live to work	 Work to live
 Individual achievement	 Group oriented
 Corner office	 Flexible schedules
 Prestige	 Giving back

Millennials (who will represent 75% of the global workforce by 2025) report wanting to work for organizations that foster innovative thinking, develop their skills and make a positive contribution to society



Source: The Deloitte Millennial Survey, 2017

Generation Z's top three "must haves" for their first job are:

- **health insurance (70%)**
- **competitive salary (63%)**
- **boss they respect (61%)**



Source: PR Newswire

Inclusion plays a major role in a successful workplace, which includes embracing gender diversity, leveraging diverse mindsets, and understanding the relationship between Millennial, Generation X and Baby Boomer leaders.



Source: DDI, EY, Conference Board Global Leadership Forecast 2018

The Evolved Organization

The Evolved Organization

Organization Evolution



Small Groups
(unaffiliated)

Tribal/Nomadic

Tight/Isolated



Small Groups
(locally affiliated)

Coalition

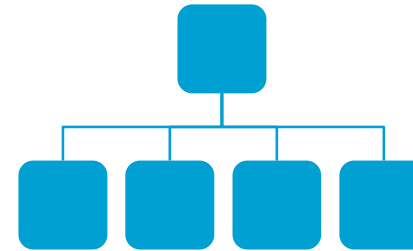
Tight/Isolated



Leadership Hierarchy

Command-and-Control

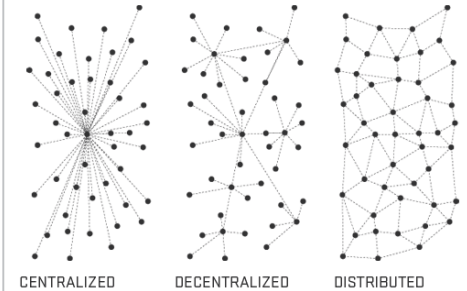
Controlled



**Functional Hierarchy/
Bureaucracy**

Industrial

Specialized



Network
(Paul Baran)

Distributed

Dynamic/Agile

Source for Distributed Network Organization: Paul Baran, Rand Corporation, 1964

Evolved organizations connect the dots while coloring outside of the lines...

Optimizing their assets and modernizing their approach

- Pace, agility, and adaptation to change
- Culture of innovation
- Employee Well-being and purpose
- Growth Mindset
- Leadership

- Work and way of getting work done
- Talent – and the talent experience
- Organization
- Total Rewards

“The rate of internal change needs to exceed the rate of external change”

The traditional career path is making way for a portfolio of broad and nonlinear work experiences



Evolved organizations...

- Offer a wider array of professional development opportunities
- Embody agile thinking, interpersonal and communication skills and digital adaptation — skills that are necessary for the changing nature of work
- Prepare and promote talent that will evolve in parallel with that of the organization

The Evolved Organization is built within a different type of ecosystem:
transforming **culture** and **pace** by embracing attributes that focus on the
work and talent experience



...and redefining what culture, purpose and values mean in the process

“Believe more in yourself and your capabilities. Don’t be afraid to fail. And don’t constantly worry that you have to prove yourself.” — Bridget Paradise, CHRO, Citadel, in *Slate*



“The essence of inclusion is to help each of us to develop more compassion and understanding so we can all be more effective.” — Myrna Chao, I&D Thought Leader, Willis Towers Watson

**Google identified that
psychological safety
was the most critical factor
to making a team work**



Source: Harvard Business Review, 2016

Attributes of the Evolved Leader



- **Agile in adapting to uncertainty**
- **Willing to challenge the status quo (and get bruised in the process)**
- **Have a tolerance for risk/failure**
- **Recognize and respect**
- **Inspire, impact, and lead with purpose**

Leaders who are relentless in their drive to change will influence the way employees think, the pace in which cultures evolve, and the way in which work gets done.

Source: Willis Towers Watson CHRO Thinking Ahead Group

**For leadership strategies to succeed,
organizations must build solid
cultural cornerstones, such as a
clearly communicated purpose, peer
coaching, experimentation and
psychological safety.**



Source: DDI, EY, Conference Board Global Leadership Forecast 2018

**Purpose-driven companies
outperform the market by
42%.**



Source: DDI, EY, Conference Board Global Leadership Forecast 2018

*What are the
Implications for
Talent?*

Industrial Revolutions and Work

Key practices based on human capital risk strategy

Second Industrial Revolution

Late 19th – early 20th century

“The assembly line”

Features:

- Companies as social institutions
- Organization of work into jobs
- Jobs as careers

The
Assembly
Line

“Nike-
fication”

“Uber-
ization”

Third Industrial Revolution/First Machine Age

1960s – 1990s

“Nikefication” and core competencies

Features:

- Technology enablement and the web
- Companies as the nexus of contracts
- Streamlining of jobs to enable outsourcing

Fourth Industrial Revolution/ Second Machine Age

2000s -

“Uberization”

Features:

- Mobile, sensors, AI and machine learning
- Companies as platforms
- Disaggregation of work into activities
- Talent on demand

Source: John Boudreau, Ravin Jesuthasan and David Creelman

Disintermediation of work is already happening...



New jobs are emerging...

However a number of current baseline skills will continue to be relevant

MYTH

Workplace automation will have a largely negative impact on workers and jobs.

BUSTED

Automation will result in new combinations of work, talent, skill requirements and work relationships (e.g., FTE, PT, contingent).



AI Ethics Evaluator



Robot Trainer



Virtual Culture Architect



Data, Talent & AI Integrator



Cyber Ecosystem Designer

The top 10 skills that will be in demand by all employers by 2020

- 10 Cognitive flexibility
- 9 Negotiation skills
- 8 Service orientation skills
- 7 Judgment & decision making
- 6 Emotional intelligence
- 5 Coordinating with others
- 4 People management
- 3 Creativity
- 2 Critical thinking
- 1 Complex problem solving

Source: CHREATE Consortium

Source: Future of Jobs Survey, World Economic Forum, January 2016

Organizations expect **3 times** the level of automation in work over the next 3 years, with a:

 **35% increase in WORK FLEXIBILITY**
64% increase in redesigning jobs with MORE SKILLS
65% increase in redesigning jobs with LOWER SKILLS

HR recognizes the need for **BREAKTHROUGH** approaches across talent and rewards to hire, build, reward and lead through this change

The evolved organization is addressing how HR breaks through...

FROM

TO

Analog gauges and operator expertise (physical)



Digital, interactive “cockpits” with automated functions (machine augmented)

Focus on plant-centric control (onsite, distributed)



Shared control with centralized operations center (offsite, centralized)

High labor intensity, low skill premiums



Lower labor intensity, higher skill premiums

Significant variation in operating performance and predictability of maintenance



Greater predictability of maintenance events; lower performance variation via sensors, AI, and analytics

Standalone plant operations with ancillary services



Integrated plant operations

Specialist talent



More fungible talent

Full-time/dedicated



Shared services

The old way...



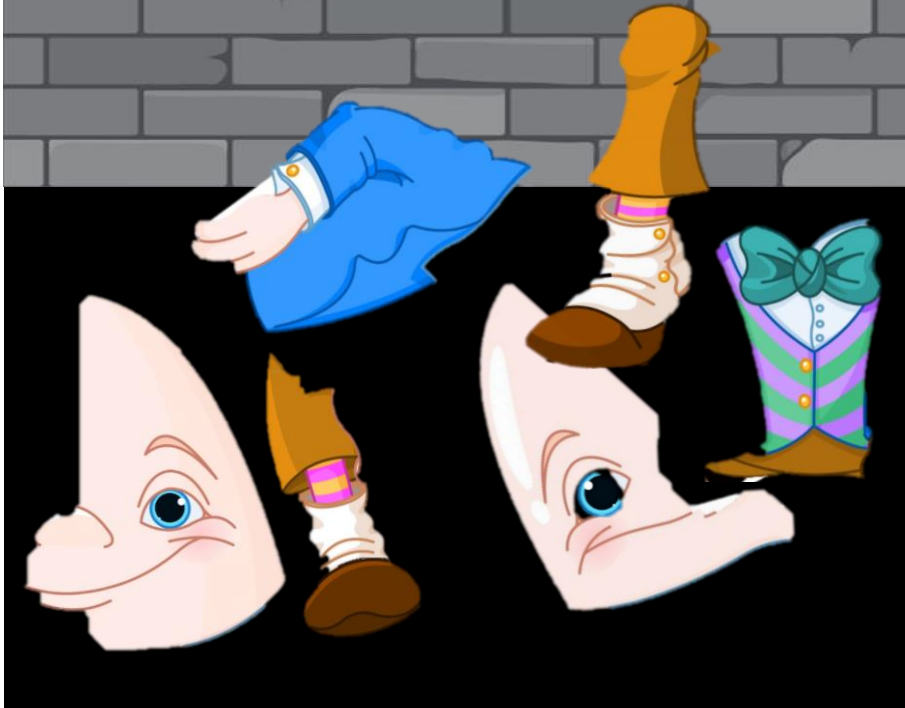
A full-time job in a traditional organization

Times have changed



Jobs can't keep up in the new environment

Let's examine each piece of the work



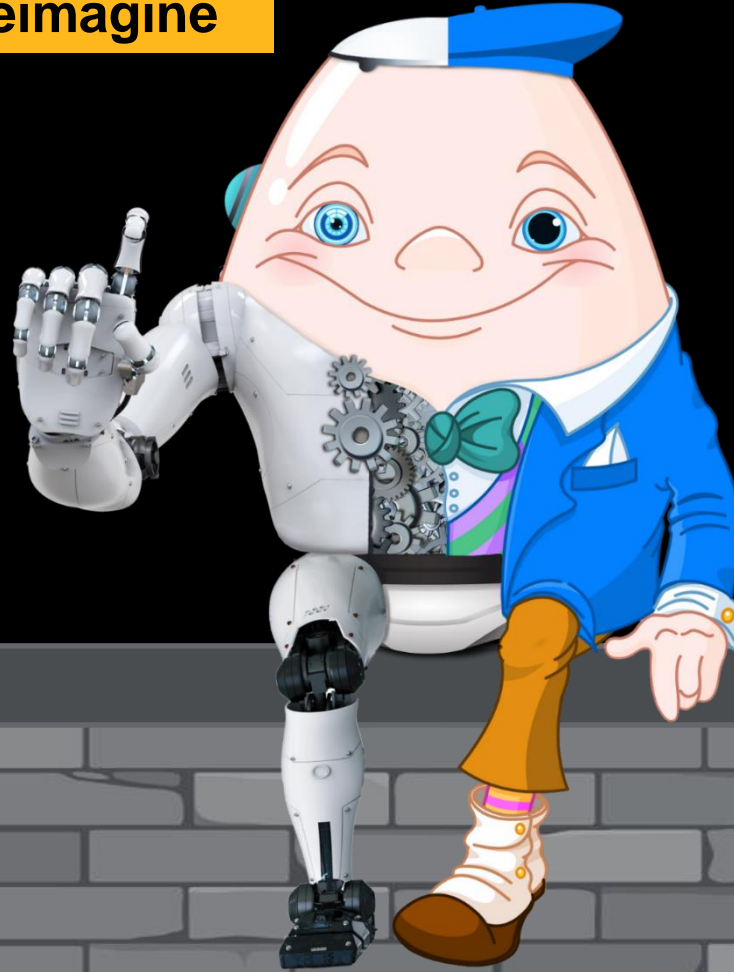
and determine what our business needs in the future

...and reconstruct



Our jobs may never look the same again

...and
reimagine



Our jobs may never look
the same again

What are the Implications for HR?

HR is no longer just about competitive practice and design... optimization and the talent experience are essential

1 Focus on linkages between **Total Rewards** and **talent well-being**

2 Focus on **new skills** (agility, digital, communication/translation, global deployment)

3 Focus on **career journey** (horizontal and vertical), as opposed to path

4 Focus on being a **workforce data/analytics expert** (and understanding **talent as consumers**) as much as technical expert

5 Move from **rigid to inspired**, from **risk averse to speed2talent, innovation**, and **growth mindset**

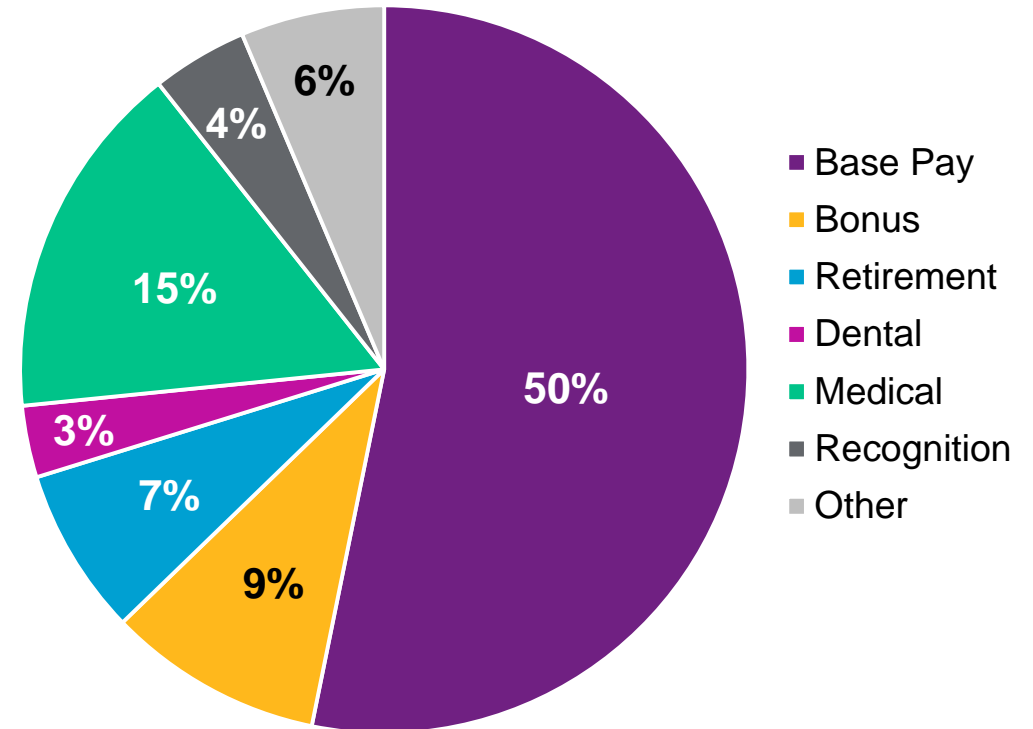
6 Enable **organization purpose** and instill continued **healthy company values** through **culture**

7 Instill **evolved mindset** through flexibility, personalization and leadership culture

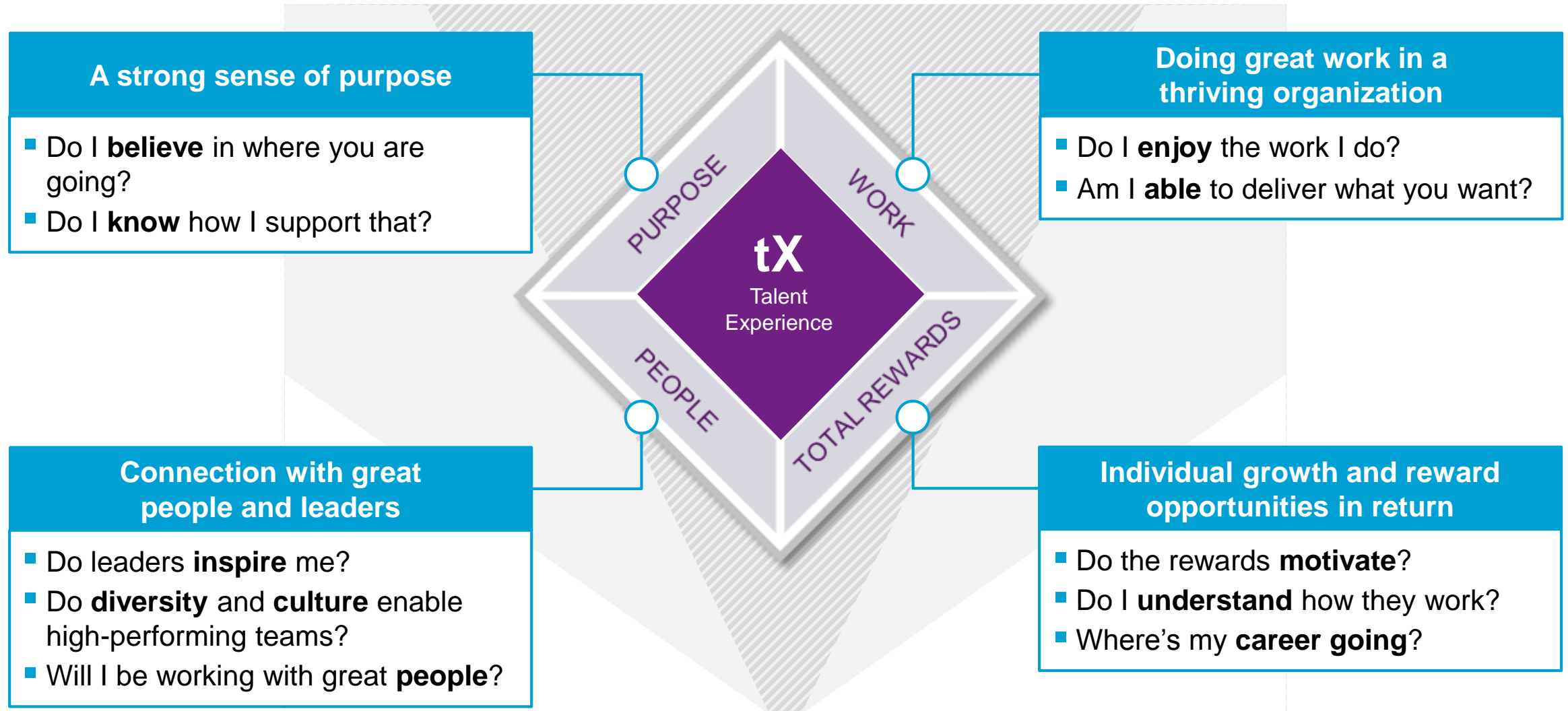
Evolved organizations understand what it means to optimize their Total Rewards spend

- What is the best level of investment in employees?
- What is the best allocation of that investment to maximise desired behaviours (e.g., retention, motivation)?
- Do the answers vary by organization level, geography, business unit, other demographic characteristics?

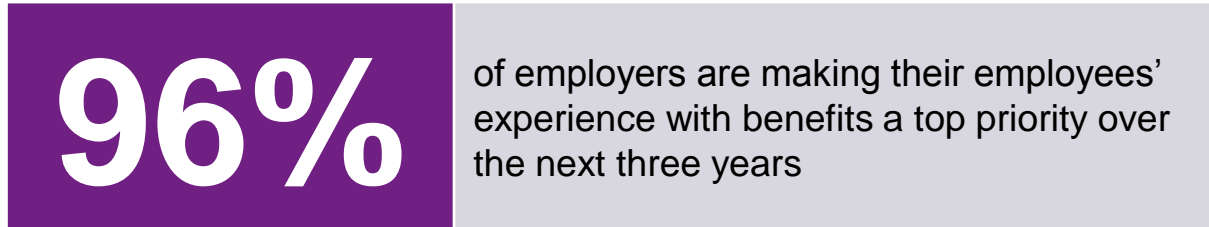
Total Investments in Selected Rewards



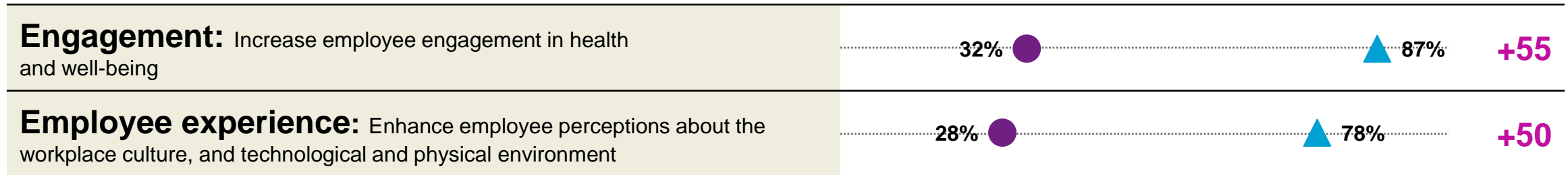
The Talent Experience remains an integral component of the Value Proposition in the context of the four fundamental dimensions



The majority of employers are seeking to improve the consumer experience



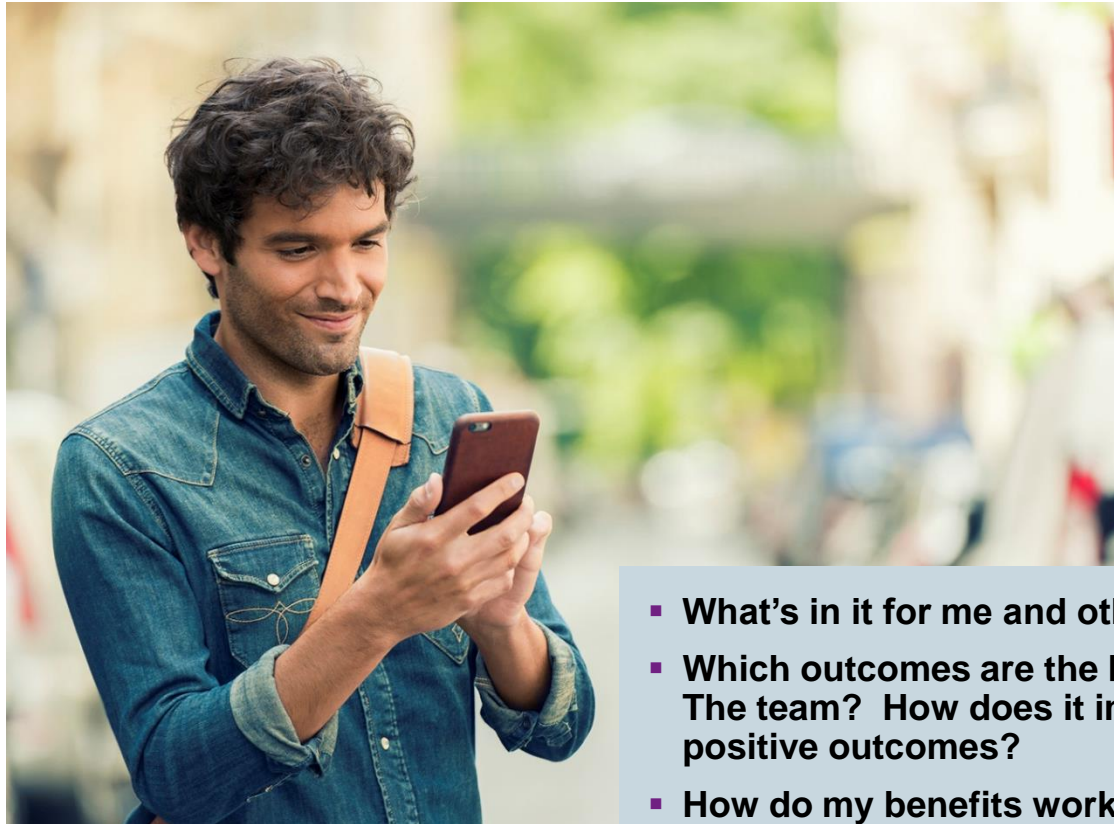
A growing majority of employers consider engagement and consumer experience to be a priority over the next three years*:



● Progress over the last three years (% of 'To a very great extent' or 'To a great extent') ▲ Importance over the next three years (% of 'Very important' or 'Important')

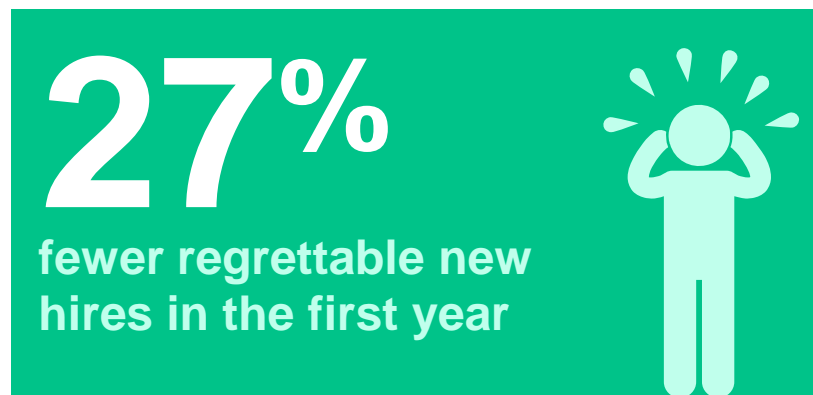
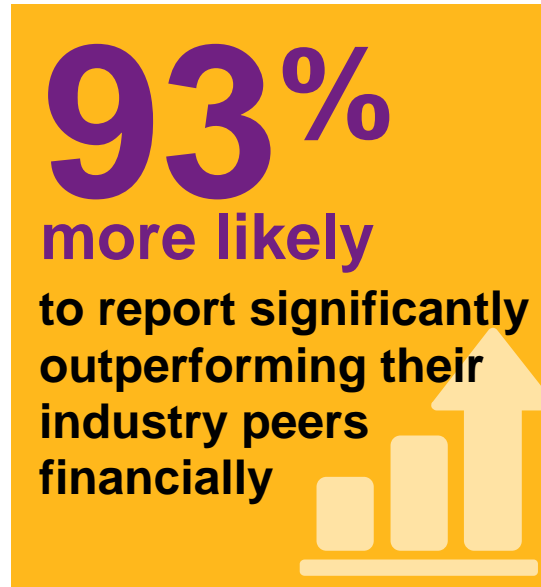
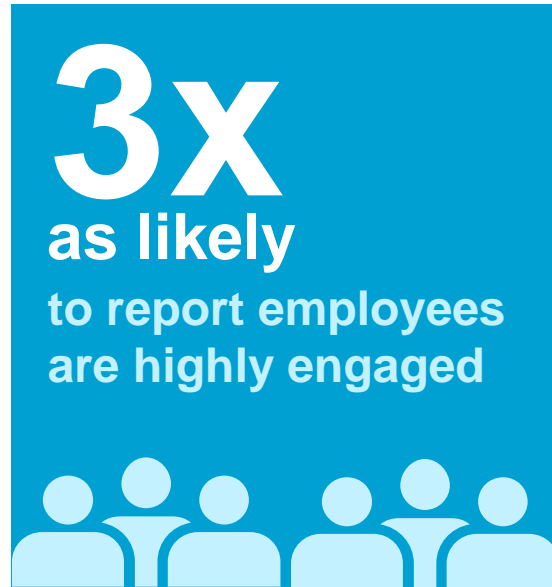
*Sample: Companies with at least 1,000 employees.
Sources: 2017 Willis Towers Watson Emerging Trends in Health Care Survey and 2017 Willis Towers Watson Best Practices in Health Care Employer Survey.

Goal is a personal, social, consumer-grade experience



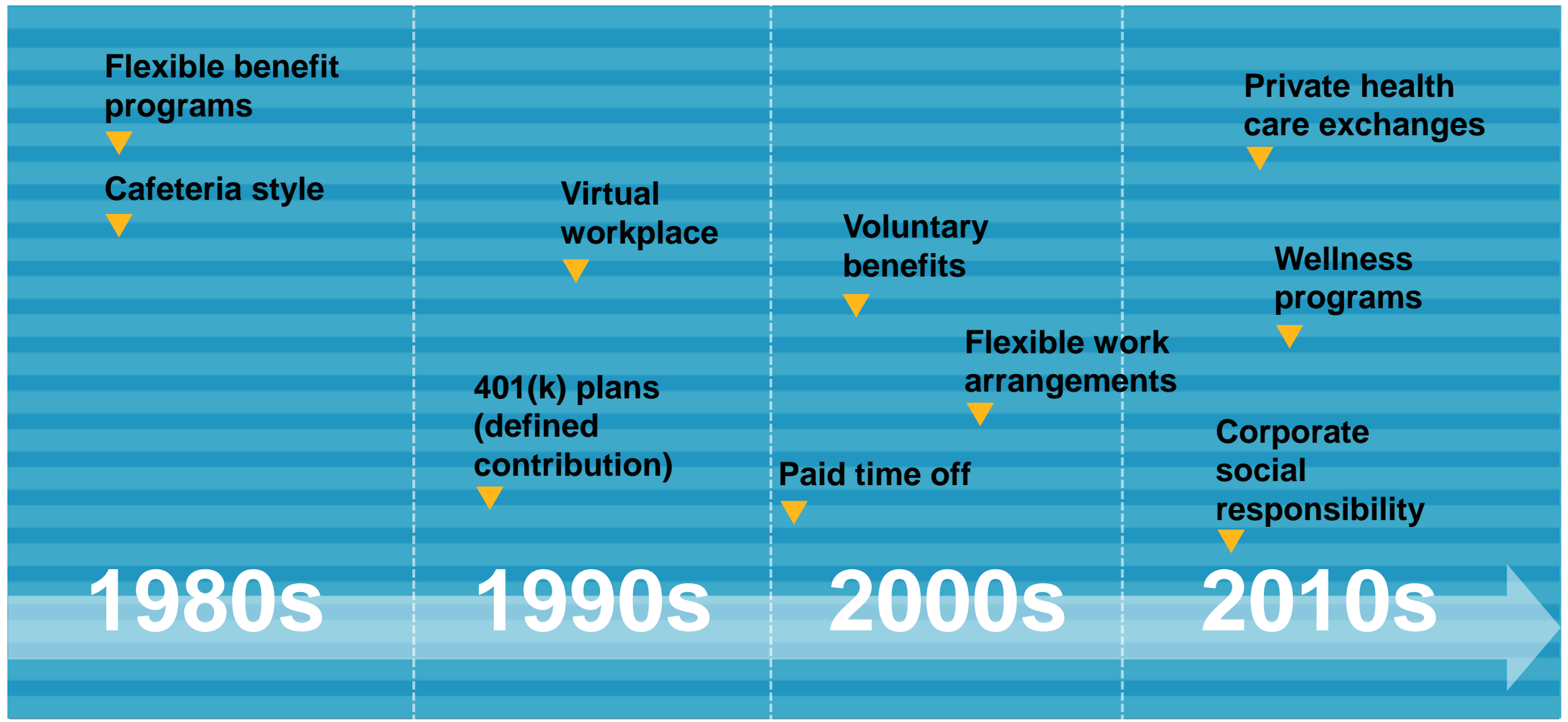
- What's in it for me and others?
- Which outcomes are the best for me? The team? How does it impact positive outcomes?
- How do my benefits work?
- How can I save money?
- How am I getting/giving feedback?

This stuff actually works....Best practice companies achieve better outcomes



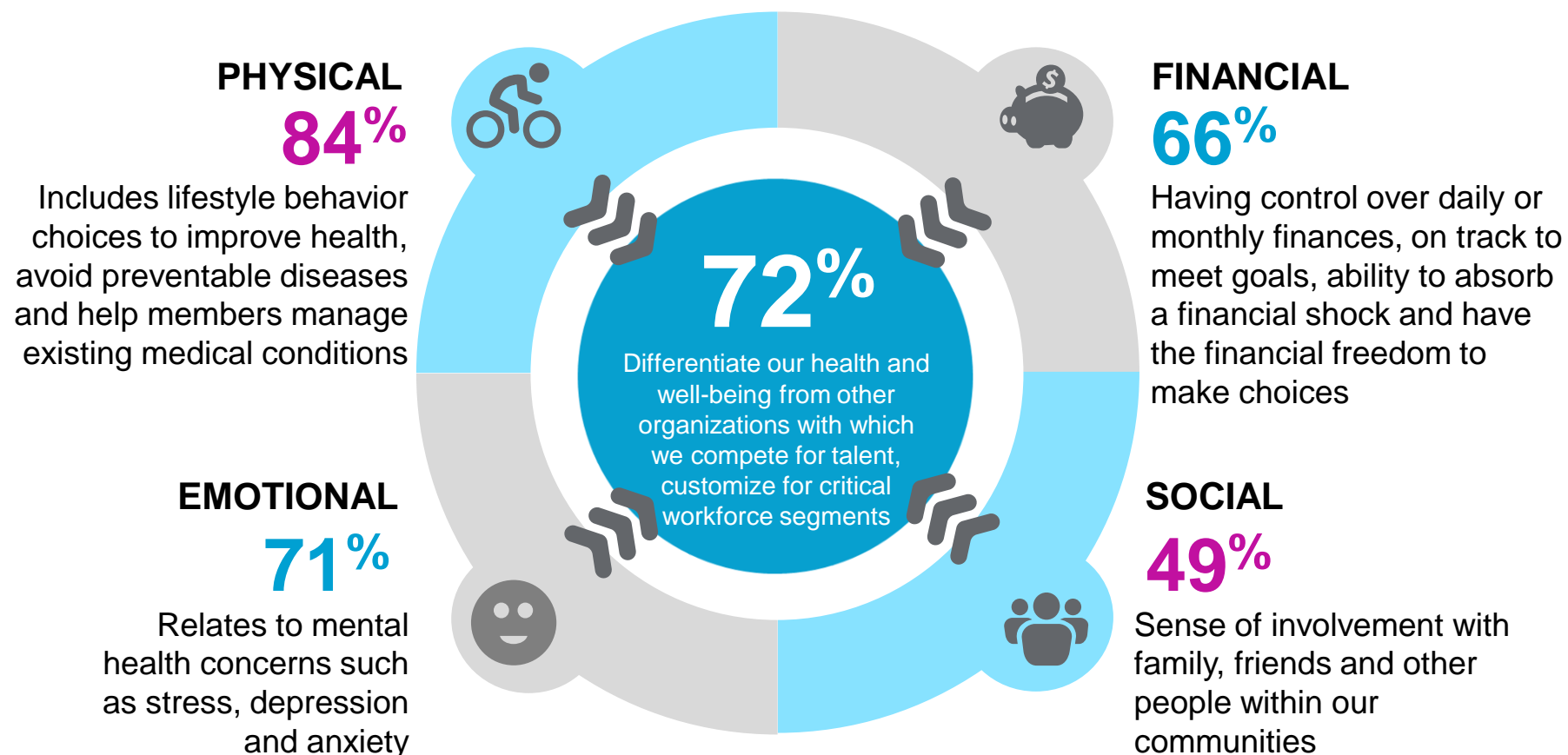
Consumer-driven HR

The good news: Companies already have been doing this for decades



Well-being has emerged as a broader strategic principle for both mainstream and evolved organizations

Percentage of companies that say these components of well-being are important over the next 3 years

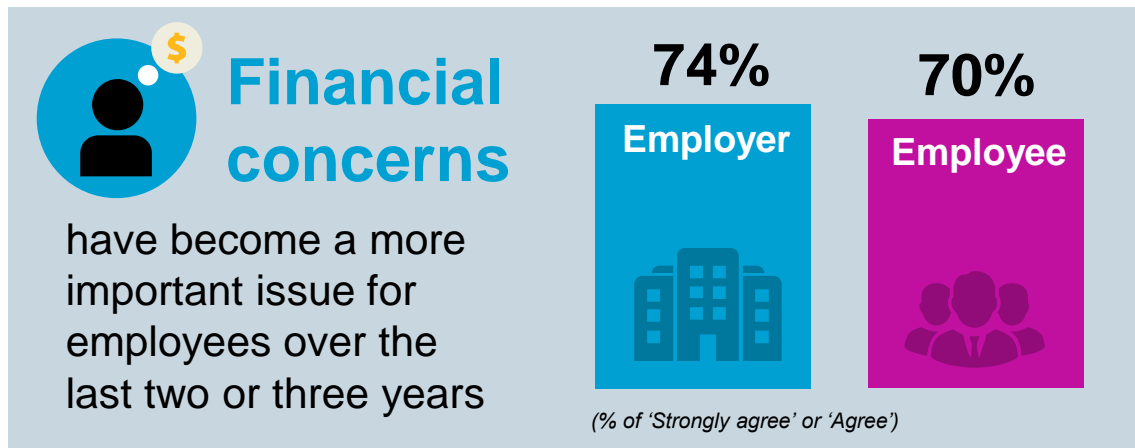


Sample: Companies with at least 1,000 employees.

Note: Percentage responding 'Very important' or 'Important'.

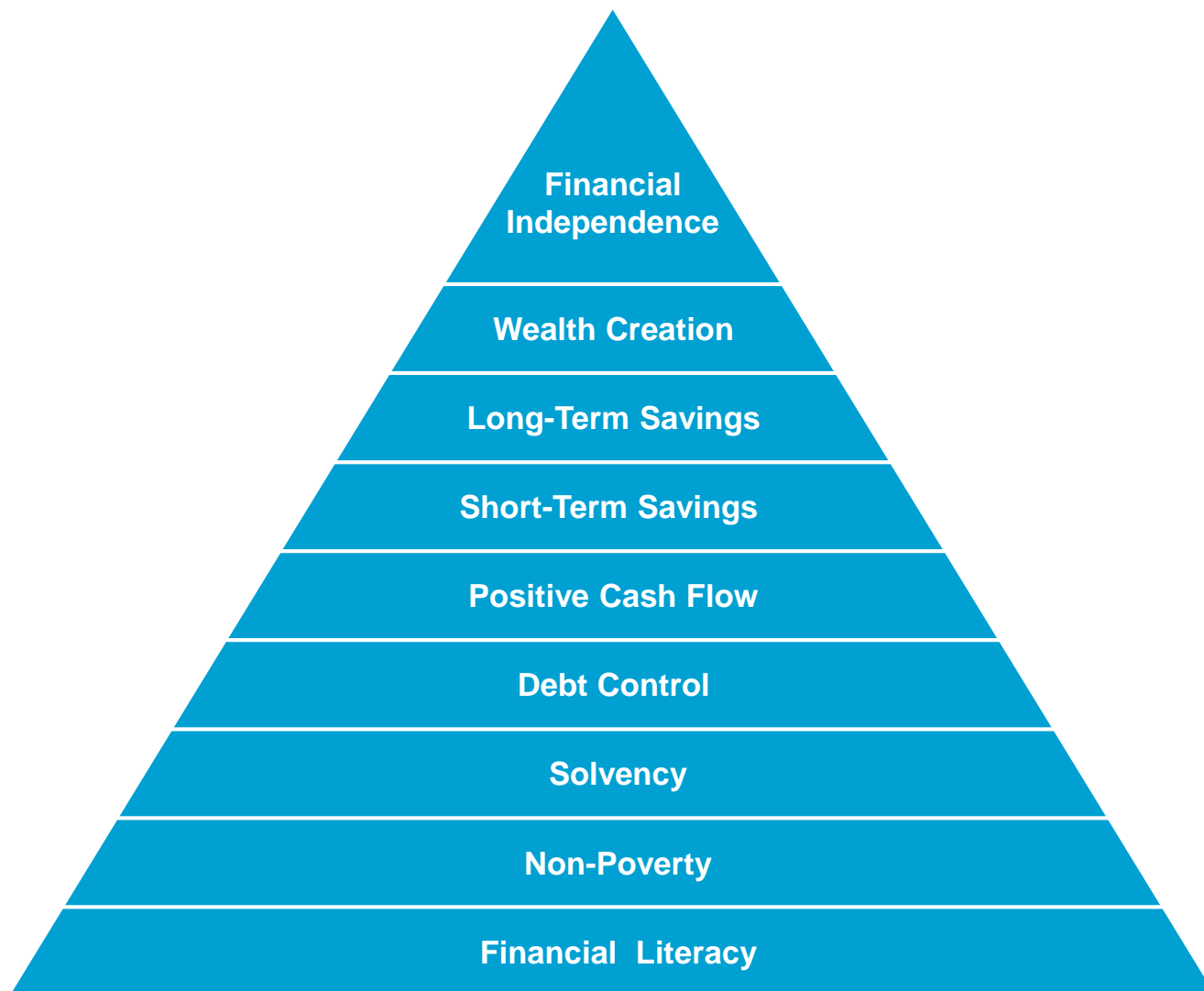
Source: 2017 WTW Best Practices in Health Care Employer Survey.

Employees' financial concerns are on the rise



Employer sample: Companies with at least 1,000 employees. Employee sample: Full-time employees.
 Source: 2017 Willis Towers Watson Best Practices in Health Care Employer Survey, 2017 Global Benefits Attitudes Survey, United States .

Financial Well-Being Hierarchy



Total Rewards Drivers

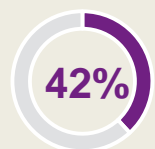
- Equity (LTI)
- Retirement
- DB
- DC
- Healthcare/wellness
- Compensation
- Training
- LTD
- HSA
- Career opportunities



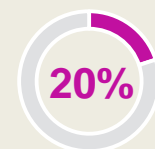
Financial well-being, health and stress are interconnected and issues compound



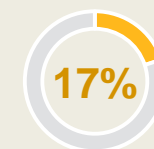
**Financial worries
and health
issues**



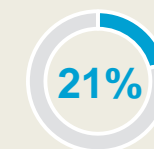
**Financial worries
and no health
issues**



**No financial
worries and
health issues**



**No financial
worries and no
health issues**



	Financial worries and health issues	Financial worries and no health issues	No financial worries and health issues	No financial worries and no health issues
Highly engaged	31%	42%	46%	56%
Disengaged	26%	19%	20%	11%
Absence (days)	3.4	2.3	2.7	1.3
Presenteeism (days)	12.6	10.2	9.9	8.5
Expect to work past 70	51%	40%	19%	19%
High stress	64%	45%	33%	20%
Financial satisfaction	17%	30%	52%	64%
Live paycheck to paycheck	66%	54%	18%	14%

Note: Employees with health issues has either fair, poor or good health in general.

Source: 2017 Global Benefits Attitudes Survey, United States.

Younger and female employees are more likely to cite their financial, work, and health situations as a source of stress



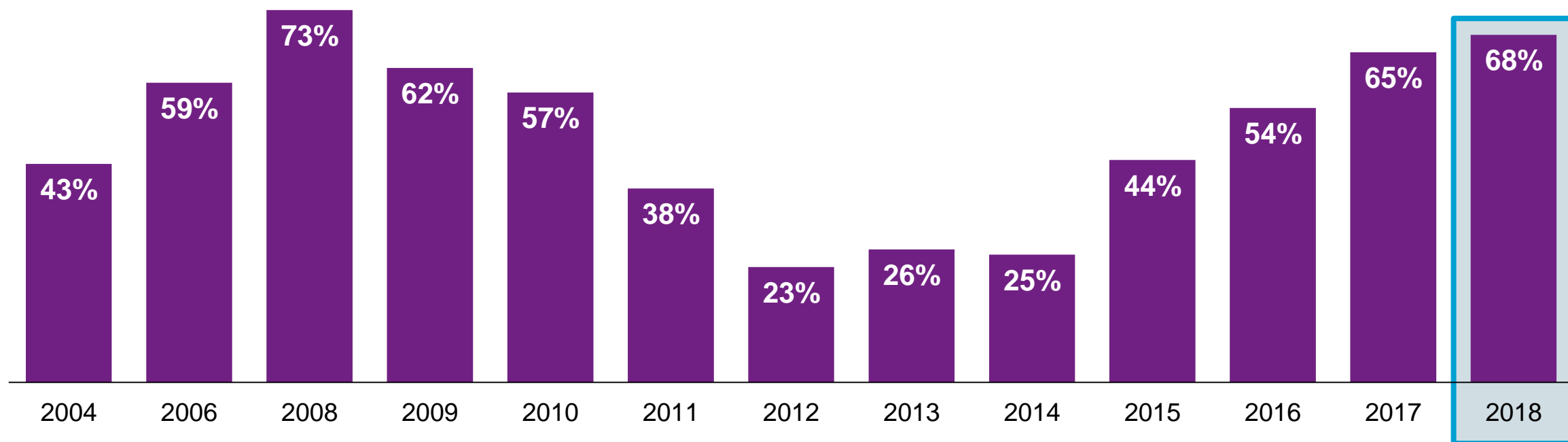
	Financial situations	Job	Relationships	Health
Generation				
Boomers	35%	37%	24%	22%
Generation X	46%	39%	31%	24%
Generation Y	52%	42%	42%	29%
Gender				
Male	40%	39%	32%	24%
Female	53%	40%	35%	27%

Note: Percentage indicates "4 and 5 on a 5 point extent scale"

Source: 2017 Global Benefits Attitudes Survey, United States

Employer confidence in offering health care benefits over the next 10 years continues to grow

How confident are you that your organization will continue to sponsor health care benefits to active employees in 10 years? (*Very confident*)



5-Year Confidence: 96% *very confident*, that the organization will continue to sponsor health care benefits in five years.

Sample: Employers with at least 1,000 employees.

Note: Responses represent "Very confident." Years 2004-2017 are based on prior years of the survey.

Source: 2018 Willis Towers Watson Voluntary Benefits Survey; Willis Towers Watson Best Practices Survey, various years; Willis Towers Watson Emerging Trends Survey, 2018

While many are still determining the role that employers play in well-being, other organizations (often, evolving ones) are packing their tackle boxes...

"If you give a man a fish you feed him for a day. If you teach a man to fish you feed him for ...a lifetime."

58%

offer assets and tools to identify the most important issues for employees to address

52%

offer financial planning technologies that address short and long-term financial needs

49%

of companies set specific metrics and objectives for their company-wide financial well-being strategies

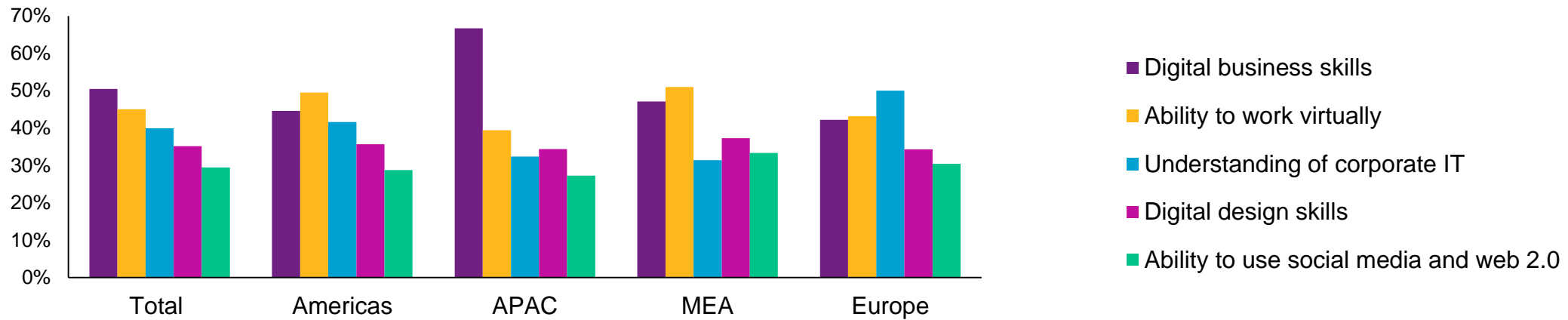
38%

offer student loans support to preferred vendors and negotiated refinancing rates

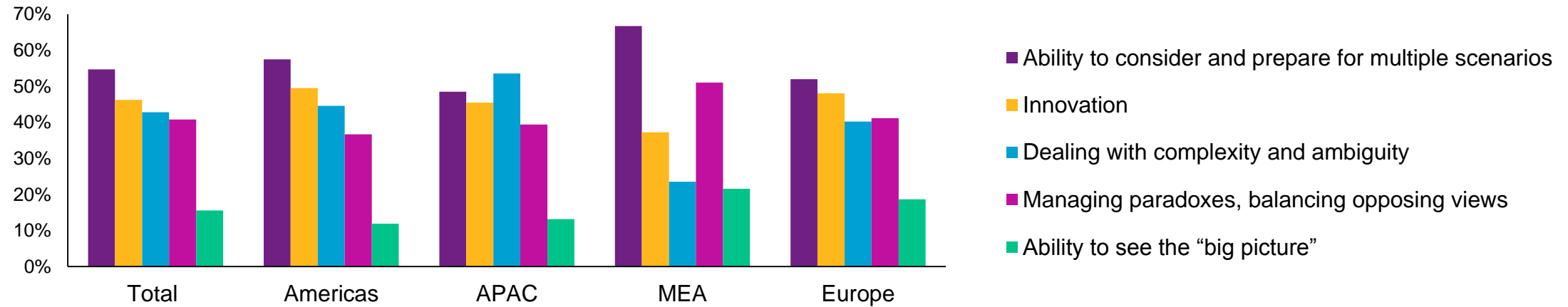
Sample: Companies with at least 1,000 employees. Note: * Including 'In place in 2017', 'Planned for 2018' and 'Considering for 2019'.
Source: 2017 Willis Towers Watson Best Practices in Health Care Employer Survey.

Getting to now... The required new skill sets and capabilities [for the future]

Digital Skills



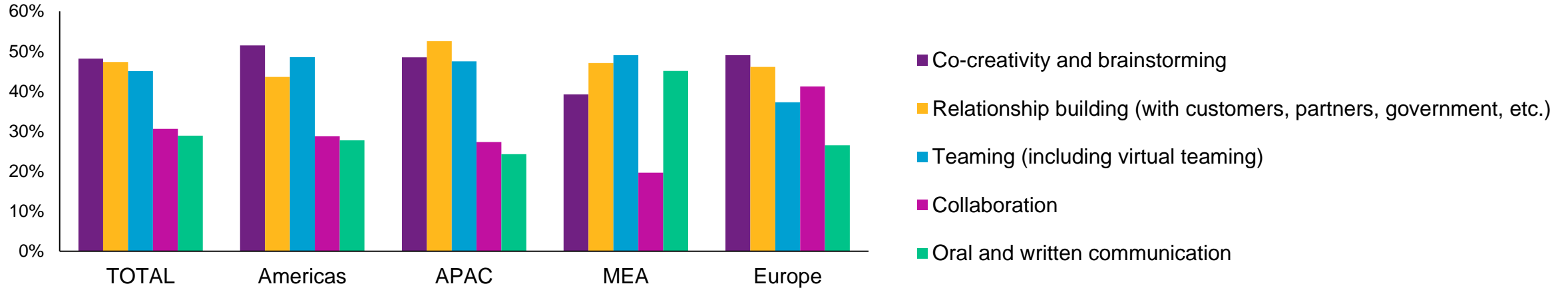
Agile Thinking



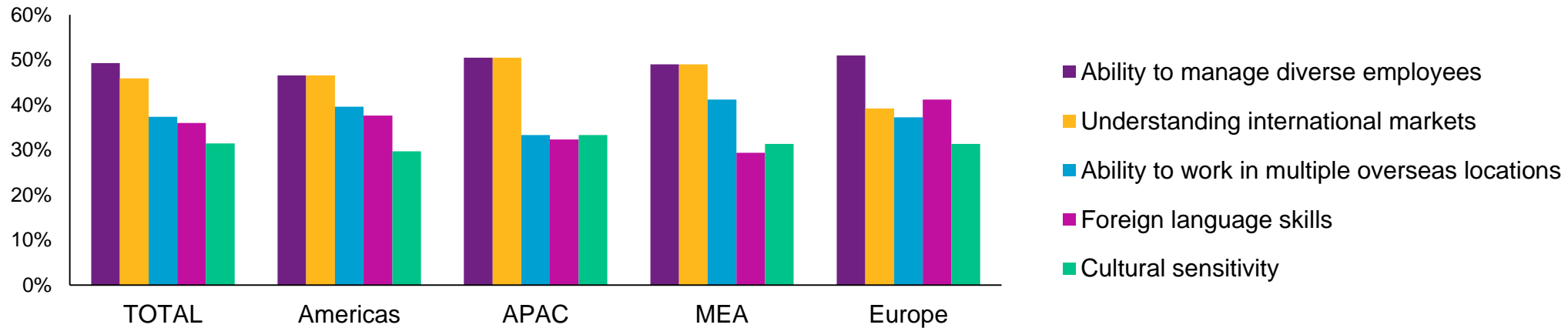
Source: Global Talent 2021 Study conducted by Oxford Economics and Towers Watson, 2012.

Getting to now... The required new skill sets and capabilities [for the future]

Interpersonal and Communication Skills



Global Skills



Source: Global Talent 2021 Study conducted by Oxford Economics and Towers Watson, 2012.

The Evolved CHRO: Chief employee experience officer



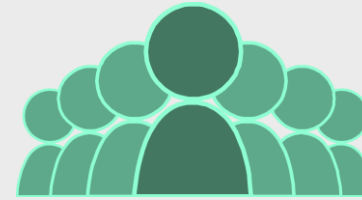
Personnel director

- Tactical
- Operationally focused
- Employee as cost
- Implement programs
- Local
- Manager/director level



Vice president, HR

- Broader
- Organization focused
- Employee as resource
- Design programs
- National
- Vice president level



CHRO

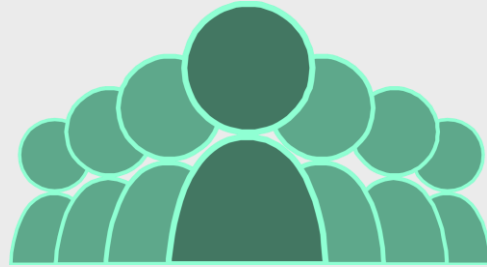
- Strategic
- Business focused
- Employee as asset
- Direct programs
- Global
- C-suite level



Chief employee experience officer

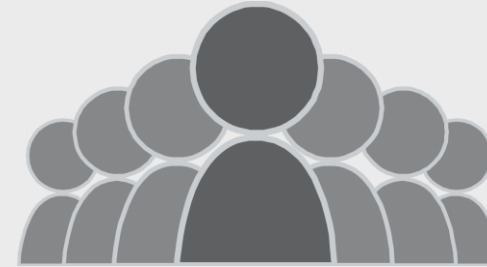
- Futurist/strategist
- Differentiation focused
- Employee as value
- Transcend programs
- Borderless
- Board advisor

The Evolved CHRO: Chief employee experience officer



CHRO

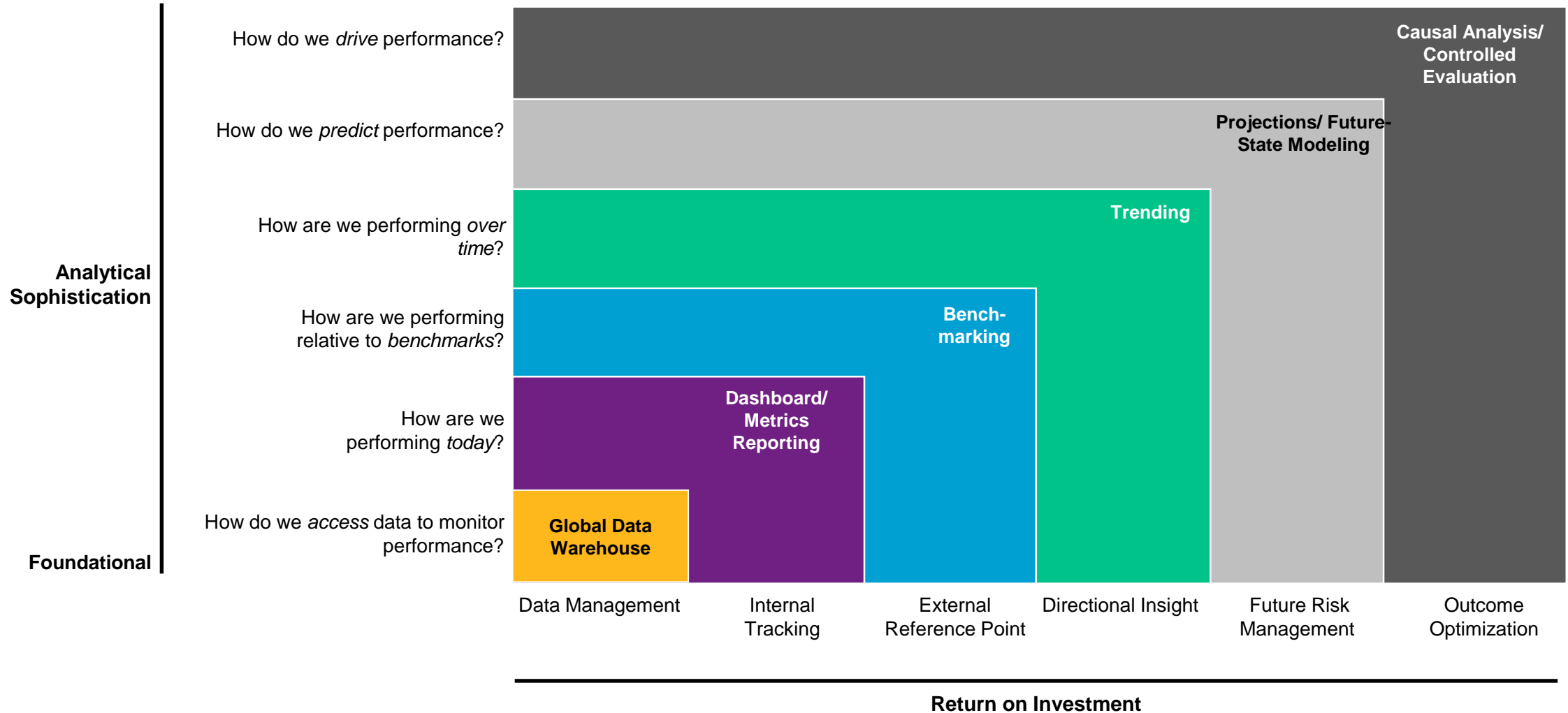
“I direct programs to balance the needs of employees, the company and shareholders.”



Chief employee experience officer

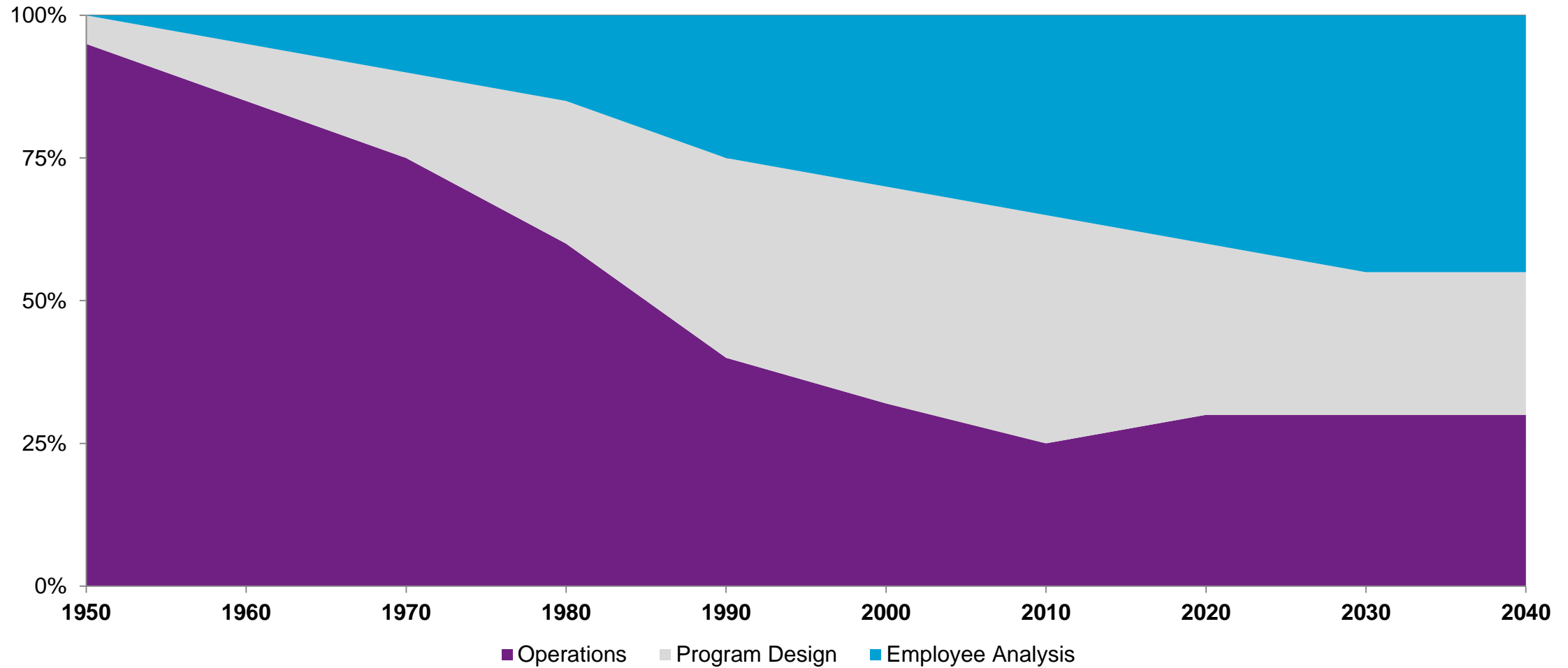
“I create an employee experience that unleashes the potential of our talent to create incremental value for our customers and shareholders.”

Using “big data” and workforce analytics strategically



The HR time spend continues to morph...

Percent of Time



From “rigid” to “inspired”; “risk averse” to “speed2talent”



Establishing a culture to foster innovation, ideation and ultimately speed to market requires a growth mindset



Engagement > Productivity > Financial Results

Source: Willis Towers Watson CHRO Thinking Ahead Group

Defining Emotional Well- Being in the Evolved Organization

Mental/Behavioral Health vs. Workplace Emotional Well-Being

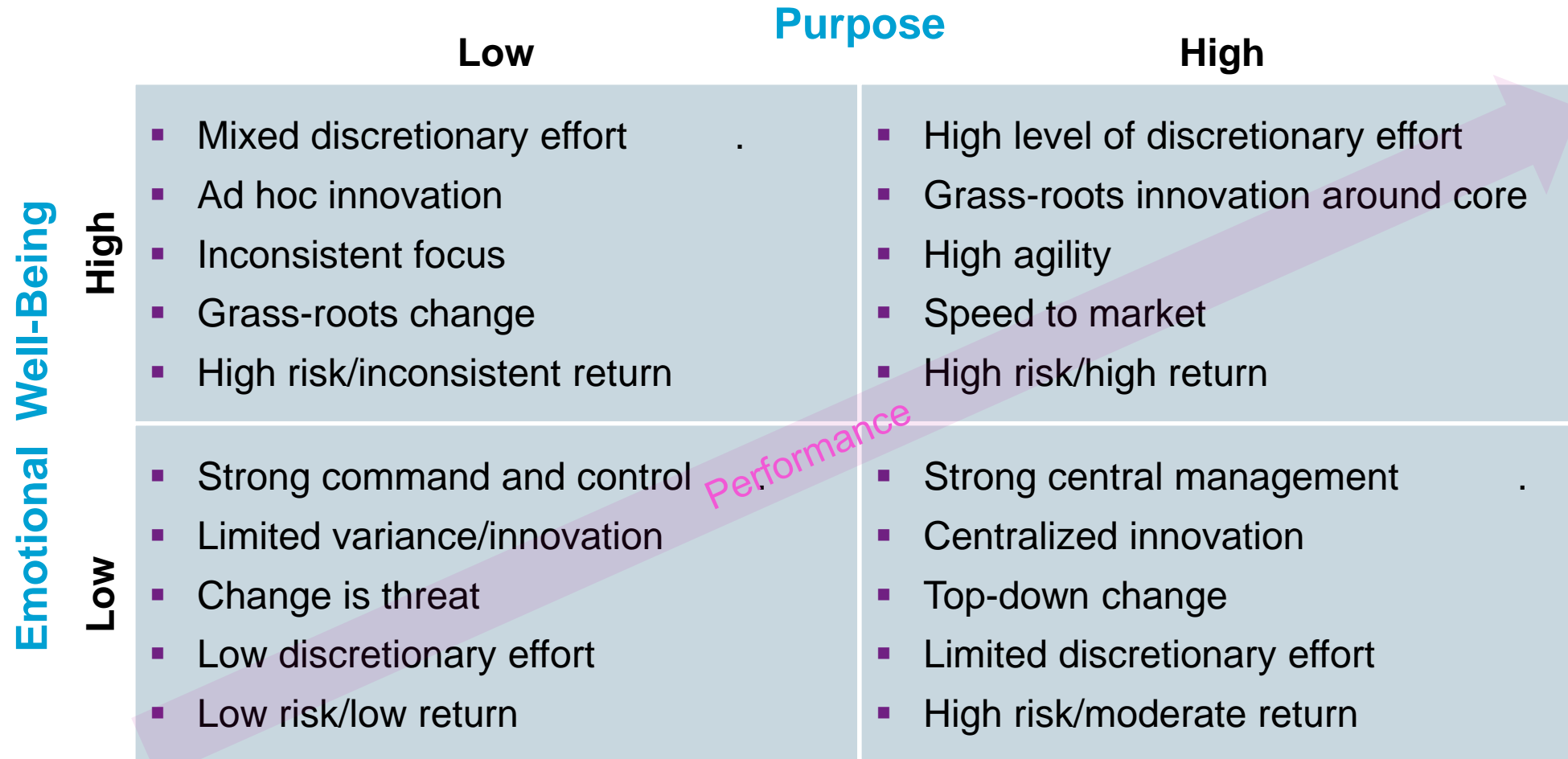
Mental health	Also encompasses cognitive/neurological functioning, including such aspects as memory and impulse control
Emotional health	Relates specifically to social/emotional competencies, such as the ability to empathize or regulate emotions

Mental/Behavioral Health	Workplace Emotional Well-Being	
Employee Assistance Program	Culture of Respect	Code of Conduct
Stress-management	Inclusion & Diversity	Employee Recognition
Mental/Behavioral Health Benefits	Bullying Behavior	and/or Psychological Harassment
Well-being Programs	Safety Policies	Effective Communication
	Empathetic Leadership	Decision-making
	Flexible Work Arrangements	Psychological Safety
	Curiosity	Growth Mindset

Source for Definitions: Nick Haisman-Smith

Connecting Purpose and Emotional Well-Being

Impact on Results in the Evolved Organization



Source: Willis Towers Watson CHRO Thinking Ahead Group

The Evolved Organization.... Guidance for the Journey



Getting there...

Breakthrough approaches are required in talent and rewards with new leader and manager activities to address shifting skillsets and a more diverse workforce.



Understand how technology and automation are impacting work

- Assess how work can be deconstructed and reconstructed to be done in a more efficient, effective and impactful way
- Evaluate and determine the range of work options that will be in your work ecosystem (from AI and robotics to contingent labor)



Define the reskilling pathways

- Based on the new requirements for work, identify the necessary skills based on the work
- Determine where skills create career and pay movement



Lead and engage around the new ways of working

- Define and deliver on a Talent Value Proposition that takes into account all workers (employees and non-employees)
- Build HR capabilities to (re)architect work and manage change
- Equip leaders and managers with the resources to navigate and lead the change

Top ten Total Rewards themes

Future Focused

Emerging work dynamics and skills and multi-generational workforce re-write the deal



Technology Advancements

Expansion of *digitization* of the Total Rewards delivery and experience



Good Governance

Being *agile* and *nimble* to adapt to changing, fast-moving business strategies



Analytics & Insights

Evaluating what matters with Total Rewards *analytics* and *data measurement*



Segmentation

More tailored Total Rewards with increased choice for workers



Pay Transparency

Legislative and social media increase public scrutiny



Consumerism & Flexibility

Expansion of worker choice and *voluntary benefits*



Well-being

Continued focus on holistic *physical, financial, social* and *emotional health*



Talent Experience

Emphasis on *workplace differentials* that enhance the environment and Talent Value Proposition



Financial Concerns

Renewed focus on *financial security* now and in the future



Becoming an #evolved organization

Evolving the journey with your organization

- 1 | Focus on new skills (**agility, flexibility, digital**, communication/translation, global deployment)
- 2 | Focus on the **career journey** (horizontal and vertical), as opposed to path
- 3 | Leverage workforce data/preferences to respond to **employee choice, consumerism** and **personalization**
- 4 | **Invest in employee experience** (data/responsibility, **talent experience** and **total well-being**)
- 5 | **Empower HR** (growth mindset, **organization** and **risk-acceptance**)
- 6 | Enable organization **purpose** and instill continued **healthy company values** through **culture**
- 7 | Invoke a **leadership culture** resonate of **empathy, authenticity, responsibility, respect, talent recognition, and risk-acceptance**
- 8 | **Empower HR** to be a catalyst for evolving the organization

Thank you!

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