

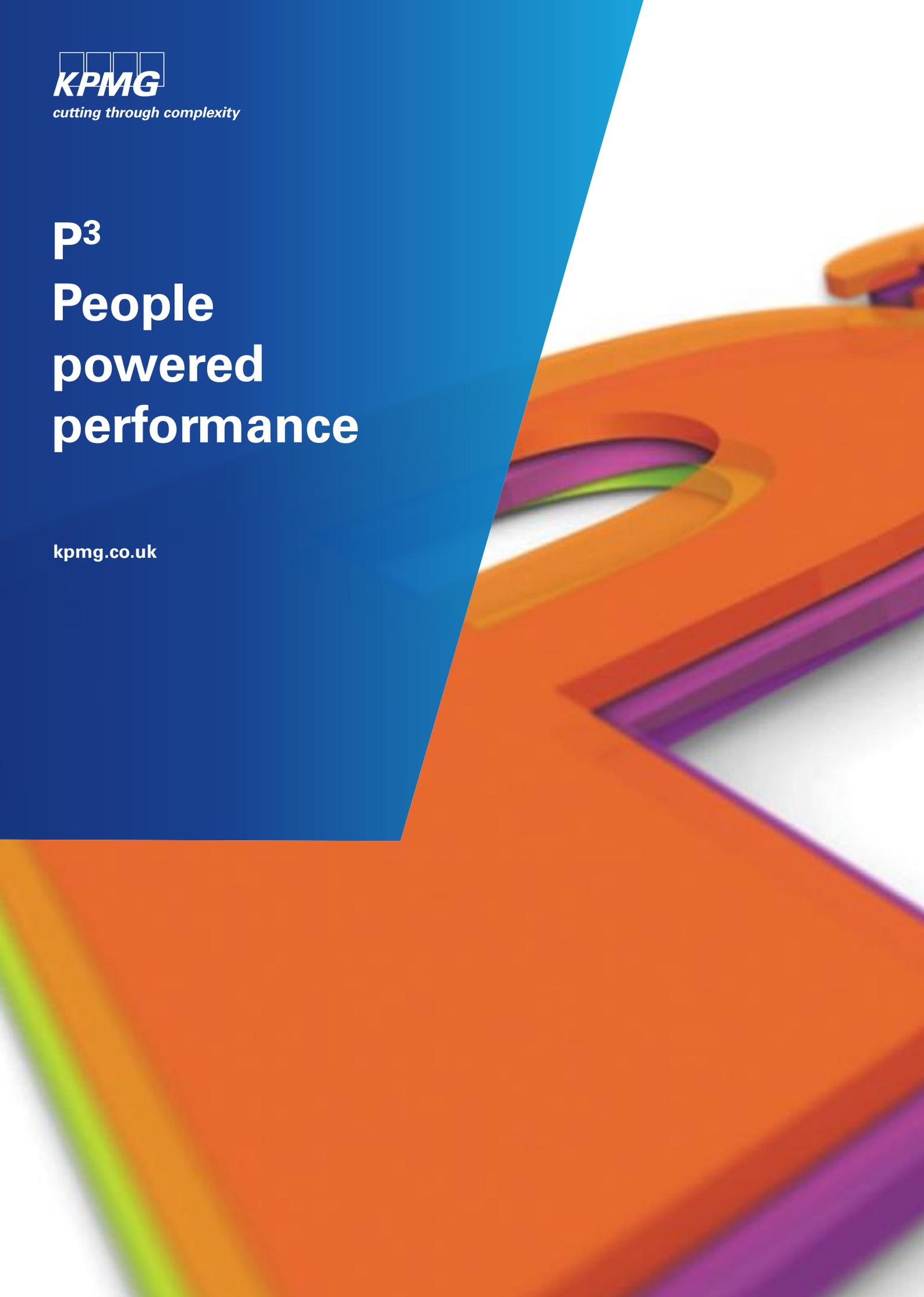


*cutting through complexity*

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# “There is no such thing as ‘talented’ individuals in the workforce of the future. It’s actually about talented organisations and talent ecosystems.”

by Robert Bolton



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I believe ‘talent management’ strategies have focused far too much on so called high potential and senior leaders rather than creating a talent system within organisations as a whole. This is a significant issue because, as highlighted in numerous recent studies, talent management is the leading concern for CEOs.

Despite the fact that our CEOs consider getting the best from their employees to be one of the secret ingredients for successful businesses, prevailing people management practices are falling short of what is needed in today’s knowledge-based economies. On closer inspection, practices are alarmingly detached from the business environment in which they aspire to help their employees and organisations to thrive.

My observation is that we have an irrational preoccupation with the role of the individual and the role of

certain individuals at the expense of the wider workforce. The people management tools – such as performance management, reward, recognition, organisational culture, leadership role modelling and information flows – need to be configured in a far more sophisticated way in order to create a talented workforce.

Executed well, I see this creating organisations which recognise that not all employees are the same and the relationship between employer and employee tailored to each and every employee. This is a ‘must have’ rather than a ‘nice-to-have’ because the rules have changed. If employees are expected to have a greater commitment to the ambitions of the business, are able to innovate, think independently and able to interpret and respond to corporate strategy, they need to be managed and motivated differently.

For example, rituals such as the annual performance appraisal and policies such as highly geared bonus schemes survive, this is despite evidence highlighting that better ways of working exist and technology allowing far more responsive and valuable approaches to be adopted.

Most importantly, creating talented workforces means creating the right culture and an ecosystem which empowers employees to work collaboratively and allows successful leadership to take place in every part of the business.

The so called “war for talent” was (and is) a fool’s errand. Evidence (again) has shown that the ability of any individual is limited - and the war for talent is built on the myth of the individual. The average tenure of a chief executive is currently under two years, due in part to unrealistic expectations regarding the impact that an individual can make to the success of the wider enterprise. The impact that a high performing individual can have on the success of an organisation compared to a high performing workforce is so insignificant as to be almost irrelevant.

The war on talent is also based on fostering competition between employees. This is divisive, and evidence (yet again) has shown that it is not the best solution to

creating a sustainably successful organisation today – common sense alone suggests that intense competition is unlikely to drive collaborative working. As might be clear from my numerous references to ‘evidence’, I believe HR functions often do not make evidence-based policies and decisions – quite simply, if they did they would not do half the things that they do.

A consequence of choosing, or failing, to underpin strategy with evidence is that HR functions become vulnerable to pandering to the preferences and preconceptions of the c-suite – which may not be what is right for the business now or in the future. This can lead to outdated and disproved people management approaches existing long past their sell-by date.

I do see a waking-up to the need to reinvent people management to reinvigorate the workplace and make better use of evidence-based strategies, but there is significant inertia to be overcome in order to create efficient talent ecosystems.

...we have an irrational preoccupation with the role of the individual and the role of certain individuals at the expense of the wider workforce.





# Inadequate pension pot will contribute to ageing workforce

by David Fairs



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A confluence of factors means pension provision in the UK will fall short of actual needs, leaving people in jobs long after they, and their employers, ever intended. I believe a radical rethink of the role that employers play in retirement savings is critical.

So far, legislative changes — upping the basic state pension and, ultimately, abolishing state pension inheritance rights — respond to our changing social landscape. However, abolishing the compulsory retirement age and requiring individuals to save for retirement that could be more than five decades away, is storing up future problems for employees and their employers.

For starters, auto-enrolment will require every eligible person in the UK to join a pension scheme.

All employers — not just big companies — will have to operate staff pension schemes and make minimum contributions on employees' behalf.

On the face of it, there is little incentive to be overly generous. After all, many employees will not only get more from the state but will be saving for retirement for the first time, while current pension regulation is a headache that most employers can do without.

The removal of the compulsory retirement age has wide ramifications. It means companies risk being saddled with ageing workforces. Admittedly, "old hands" offer valuable skills and experiences, but can get in the way of innovation and dynamism, leaving young and ambitious successors champing at the bit.

Legally, employers can no longer get rid of someone on age grounds. Meanwhile, at all levels of society, workers will discover that a state pension, plus modest savings, may be insufficient to enable them to choose when they retire.

I fear we face a less well-defined concept of retirement, where employees have to balance the desire to retire with the financial reality of being able to retire.

Companies will bear the brunt. Ad hoc financial inducements might entice some employees with inadequate pension pots to move off the payroll. However, that is not a sustainable formula. The onus, therefore, is on employers to make saving for retirement a tool for workforce management rather than a reward for long service.

But here's the catch. They will either need to make generous top-ups to workers' retirement funds or persuade employees to save significantly more than at present. Only then can employees make retirement/employment decisions that are not governed by financial hardship. The alternative, I speculate, is an ageing and potentially less productive workforce.

Other problems are brewing too. From April 2028, the age of state pension entitlement is expected to rise to 67. While working for longer may be enticing for white-collar workers, the same may not hold true for manual workers. They may feel neither fit nor able to work past, say, the age of 62.

Though the state pension, plus what they have put away through auto-enrolment into company schemes, may be adequate in the long run, they need a financial bridge that provides sufficient income until entitlement kicks in at 67. None is on the cards. Unless addressed, I predict a widening gap in the quality of retirement between top and bottom socio-economic groups.

At the other end of the scale, reduced allowances for tax-incentivised arrangements will prevent individuals in higher pay brackets from maintaining their lifestyles into retirement. Many, I fear, face a rude awakening when they realise that what they have put away will not accommodate their retirement dreams.

I fear we face a less well-defined concept of retirement, where employees have to balance the desire to retire with the financial reality of being able to retire.

This is because the government-imposed “ceiling” on lifetime retirement savings — £1.25 million from April 2014 — has reduced significantly and is likely to be fixed in absolute terms for many years. This translates into a pension of between £45,000 and £60,000 per annum, which may be insufficient for those accustomed to £100,000+ salaries. In real terms, values will decline, eventually impacting moderate income earners. Top-up vehicles, such as corporate ISAs, offer little scope as they are capped too.

What we urgently need is a market in alternative funding mechanisms that facilitate flexible saving for retirement.

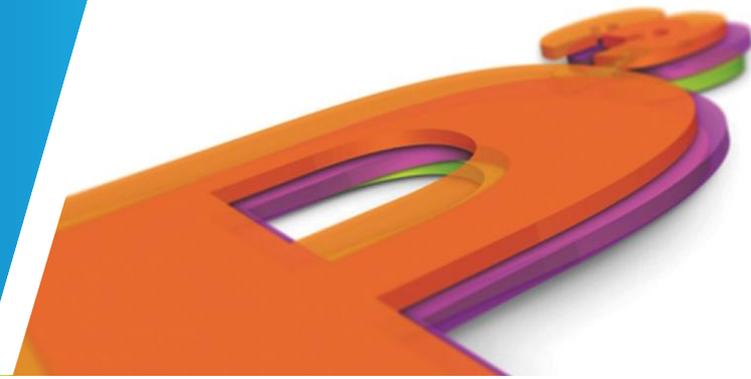
Employers, meanwhile, must deliver a menu of savings vehicles that adapt to the myriad needs of employees during their working lifetimes. It should flex with changing risk thresholds, allowing draw down during periods of economic inactivity — say unemployment or while bringing up children.

It needs something for every age group, including 18-year-olds for whom the concept of retirement is remote, as well as those approaching the end of their working lives with potentially fewer drains on financial resources.

If we don't think creatively about the role of employers in pension provision, I foresee a future where people, at all levels of society, continue to work out of financial necessity. I envisage ageing workforces that stifle career development, innovation and creativity.

I imagine employers making huge financial payouts to get septuagenarians off their payrolls and I see manual workers, unable to bridge the financial gap to state pension entitlement age, forced into detrimental working situations simply to survive.





# An increasingly unequal distribution of reward

by David Fairs



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I'm sure I'm not alone in recalling how I entered the work market with an unswerving, ingrained belief that hard work brought rewards and that reward equated to status.

My generation – and the one immediately behind it – was brought up to work harder, longer, faster and to always aspire to climbing the next rung on the ladder.

I think that more recent entrants to the workforce are now bringing with them different beliefs, predicated on how much reward is actually 'enough'.

This leads me to believe that the workforce of the future – in developed markets at least – will be characterised by a far more unequal distribution of reward than has ever been the case previously.

Three factors lead me to believe this; the concept of 'enough' reward, the continued automation of the unskilled job pool and the requirement of senior leadership to imbue an organisation with the ethos and charisma which will be essential in the talent wars of the future.

Starting with this concept of enough reward, there will always be those individuals for whom working to 120 percent of their capacity will not faze them; so long as they are suitably rewarded above and beyond the mean.

But I think there will be an increasingly large proportion of the workforce for whom any incremental reward increase above and beyond what they deem to be enough to sustain their lifestyle will hold precious little appeal.

These are the people for whom the work – life balance is everything and who adjust their salary expectations accordingly. Unlike my generation, they will not equate salary to personal worth or value and they will definitely not consider being in the upper reaches of a salary league table as anything to be proud of.

What members of older generations may perceive – disparagingly – as a lack of ambition may actually be indicative of individuals declaring that they are just fine where they are.

There will likely still be talented people though; workers that employers will be keen to have on their payroll. Yet they will not be motivated by reward to the extent that my peers may have been.

The workforce of the future will likely look very different to what it is now. Organisations will become more dispersed – with fewer core employees but a larger, virtual, networked workforce.

You can see the first signs of this already in some of the more cerebral industry sectors such as IT or business services. Others will follow in time, with the heavy manufacturing industries – which still require a high degree of manual, shop floor, intervention – likely to be the last to adopt such a structure.

The challenge of maintaining such a networked workforce will be significant – especially when you bear in mind that the afore-mentioned pool of ‘enough reward’ workers will not be swayed by basic remuneration incentives.

This will then be the catalyst for the emergence of a new breed of senior leaders who can paint the picture of corporate values and purpose which, I believe, will prove far more attractive to such a workforce than money.

Such leaders, who realise that corporate charisma will be just as important as a smart business idea, are currently rare. For these people though, who will enthuse the best talent to want to come and work for them, the rewards on offer will be phenomenal.

This job of constantly painting an attractive, values-driven picture will be exhausting and highly specialised. It will also be at the mercy of external, societal factors. What makes one company’s ethos attractive may be flavour of the month today but could be a millstone round its neck just two years later.

For both these reasons, it is difficult to foresee this sort of effort being maintained beyond the job lifespan of one of these super-talented individuals. In fact, it rather validates the growing popularity of pop-up organisations as the temporary nature of such structures is better aligned to an environment where the attractiveness of employers shifts in real time, in line with public sentiment.

As the battle for talent rages ever fiercer in the top end of the skilled labour market, I fear we shall see an increasingly large swathe of the population who will have neither the skills or the talent to compete – or even to be of interest to most employers.

For those organisations that can navigate through this, the rewards for the super-charismatic leader, the other members of the nano-corporate core and a select few in the wider network, will be significant.

Place that alongside the growing battalion of ‘enough reward’ workers and the argument for the emergence of a more unequal distribution of reward becomes clear. Furthermore though, I think this will be exacerbated by the growing number of individuals who risk being locked out of the workforce altogether.

The automation of unskilled labour is clearly the major factor here. As the battle for talent rages ever fiercer in the top end of the skilled labour market, I fear we shall see an increasingly large swathe of the population who will have neither the skills or the talent to compete – or even to be of interest to most employers.

Such a trend would further exacerbate the reward gap and would likely lead to tensions between those with money and those who appear permanently unemployed (or unemployable).

Now, the shifting moral compass of the ‘enough reward’ camp could feasibly lead to a situation where those with money altruistically do more to assist those without it. Pressure could be brought to bear – just as it is on the banking sector now – to determine what is an acceptable level of reward; with anything above and beyond that going to help those less fortunate.

I suppose that could happen – but even with pay moderated to some degree, I expect to see the gap between the haves and the have-nots in the workforce widening in the not-too-distant future.





# The importance of corporate connectivity in tomorrow's workplace

by Ingrid Waterfield



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In ten years time, I believe that the single most important and noticeable attribute of our workforce will be employee connectivity: the forming of interpersonal relationships through personal and professional networks across various communities (online or offline) and in wider society.

We are already seeing the value of the internet to businesses and individuals because of its resultant connectivity through networking with regard to recruitment and business success. But I think that this trend will be even more important in determining the success of businesses and individuals as employees or contractors.

As the latter years of Gen X enter the workplace, followed by Gen Y and Gen Z/"Millennials" that will follow, I think that we will continue to see a growing change in mindset at all levels of business and society in the importance that connectivity will have in driving personal, professional, business and community development. Employees no longer want to stay at one organisation for their career; they will want roles that are closely tailored to their

professional interests as they develop, progress and evolve.

There will no longer be standard "careers" but more of a consultancy-style career model, where projects and roles therein, rather than standard job roles, are posted on networking and recruitment sites. Progression will be about using that connectivity through those networks to find interesting work where an individual is motivated to develop their skills as opposed to just moving up the company ladder.

A recent survey found that 80% of companies surveyed said that they were currently using or are planning to use social media to find and recruit candidates this year<sup>(a)</sup>. As time goes on and the importance of this portfolio style of working increases, the emphasis on connectivity will almost certainly rise in the workplace and become more embedded than it is now. In order to remain relevant, and retain the ability to attract the best talent, businesses will have to modify their recruitment and employee communication models so they can find the skills they need through this hyper-connected environment.

Because of this heightened connectivity, businesses will also need to radically rethink how they retain, develop and reward people. As a result the HR function will be looked upon to provide solutions to meet this developing trend in a hyper-connected business world.

(a) source: <http://recruiting.jobvite.com/resources/social-recruiting-reports-and-trends/>

In the hyper-connected workplace, the distinction between “work” and “life” is likely to become more blurred, with no “off” button at the end of the working day. We are already seeing the emergence of multi-faceted positions in the workplace, especially with stronger links to community organisations and more support for family units. This will continue to grow, shifting from being a privilege to a workplace requirement.

These changes will likely bring about a change in the psychological contract between an employee and employer and thus, create more adult-to-adult relationships in the workplace, built on mutual trust and loyalty where productivity is measured in agreed outputs. Furthermore, those agreed outputs will not need to be constrained or limited by geographic location like an office. Increases in connectivity will lead to increased workforce mobility.

In order to remain relevant, and retain the ability to attract the best talent, businesses will have to modify their recruitment and employee communication models so they can find the skills they need through this hyper-connected environment.

This is not to say that everyone will be working from home, but the commute as we know it will have less relevance for employees. Nonetheless, a physical workplace will still need to be redefined by companies and could take many forms. An example is working in a social space like a coffee shop or shared meeting room spaces where multiple businesses can be operating under one roof.

Increased connectivity in the workplace will bring about significant changes not just to business models, but more importantly in the manner of recruitment to that business. As an example, consider the way in which LinkedIn’s “People You May Want to Hire” algorithm already provides its premium user base with a highly tailored search function to pick and choose candidates.

The implication for traditional recruitment agencies is that as more sophisticated technology like this continues to emerge, we can expect that recruitment agencies as we know them will become obsolete within the next ten years.

Job seekers will also be affected and will “have to get with the times”. The way in which they connect and network with others - both online and offline - will play an ever more important role as it will dictate their success in both gaining interesting work and job satisfaction.

A likely consequence of this is that in the future, organisations will also need to be far more transparent and honest in their communications to their employees, especially around their reward packages, if they are to continue to instil trust in the company and maintain its reputation. In addition to increased connectivity we will see other widespread changes, such as flexible working. Today’s companies that have this are generally seen as being more in touch with their workforce.

From websites such as GlassDoor, we can already see how easy it is to find this type of information online and suppressing it could create an employee engagement and recruitment backlash.

The pervasiveness of social media and technology has encouraged individuals and organisations to develop an online presence and to be connected now. Looking to the future, both parties need to stay abreast of the requirements demanded of each other in order to succeed in tomorrow’s workplace. For employers this will mean being fully attuned (or “connected”) to the needs of their workforce in order to maximise

engagement of their future and current employees, and for job seekers and employees, building their professional network and remaining virtually connected which will lead to better work opportunities.





# Willing employee seeks friendly employer with good sense of purpose

by Kate Holt



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If I think about what the workforce of the future looks like, I think it's certain to be more fragmented than it is now.

This will likely manifest itself in a smaller core workforce, around which are wrapped a growing number of seasonal, contract, temporary and freelance workers, working on a project by project basis.

Employees of the future are going to want to exercise a far greater degree of choice in who they work for and to more proactively manage their own work-life balance. The idea of the "portfolio career" will have become a reality as employees move around organisations with great frequency, always looking to enhance the core skills which make them an employable prospect.

An added layer of fragmentation will be created by the massive generational stretch which will characterise most future workforces. It is not unreasonable to imagine a five generation span being in evidence in the not-too-distant future.

All of which sounds very interesting – but what is the knock-on effect for the beleaguered employer trying to manage such a transient, disparate workforce?

Don't forget as well that we're already seeing a decrease in employee engagement and that, for whatever reason, the scale of their financial reward no longer seems as

important to your typical employee as it was previously.

The net result is that the employer of the future is going to have to work much harder to attract employees (especially the most highly skilled ones who will want far more freedom in their work) and to retain them.

Once the promise of personal reward can no longer deliver the employee "stickiness" (the ability to retain employees) it once did, what will take its place in the future?

I think the answer is "purpose". If employees are to be convinced of the merits of remaining with a particular employer, their decision making is likely to be heavily influenced by how worthy a purpose that employer espouses – and how well it is communicated.

By purpose, I mean something which rises above mere corporate strategy and values; something which clarifies why an organisation exists at all and what its legacy will be.

As such, that purpose should demonstrate integrity and sustainability and should be able to be personalised to a broad spectrum of people from different cultures and generations.

Increasingly, I predict that people will actively seek out employers whose beliefs match their own. For these people, more money will not equate to increased engagement. Morality, ethics, community impact – these are the factors which will prompt tomorrow's employee to be proud of who they work for.

And if an employer's purpose is insufficiently compelling, employees will likely vote with their feet.

Herein lies the first challenge though; what does that purpose look like in practice? This takes us into murky waters because I feel that, currently, most businesses attempting to clarify their purpose end up with little more than a regurgitation of corporate strategy and values.

The problem here is that, typically, strategy boils down to little more than a story around projected growth – and that is highly unlikely to differentiate any organisation from the vast majority of its competitors.

You can understand why this happens. Businesses are trapped in the here-and-now, pressured by financial targets and shareholder oversight. Purpose – as I define it – is seen as something of an indulgence.

**Morality, ethics, community impact – these are the factors which will prompt tomorrow's employee to be proud of who they work for.**

What this hard-nosed, strategy-led story is missing is emotion. Emotion is what appeals to the individual and convinces us to throw our heart and soul into our work. However, with no easily distinguishable purpose, there is no scope for emotion.

Of course, none of this matters if you don't agree that future employees will be so swayed by emotion; if you think that all that matters is financial reward.

That's a dangerous view. I think that Generation Y (the oldest of whom are now 33 and so are well ensconced within the workforce) will be the key generation. They will have known recession – and felt it quite keenly. They will not believe in (or expect) the concept of a job for life. They are the game-changing employees who will proactively challenge employers about their purpose and who will expect to see evidence of the emotional 'draw'.

Determining the purpose which will attract those workers – and those who follow them – is a hugely difficult task; hence why it is so readily placed on the back burner by so many organisations. Some recognise the importance of this but too many still think that a combination of their current strategy and future vision should be compelling enough.

Whatever businesses do come up with, I think that communication of that purpose will be key. Future workforces could potentially stretch across five generations so how do you communicate a purpose in a way that resonates with all those different demographics?

I believe that the trick will be in communicating the purpose as simply as possible and allowing individual employees to tell the story of that purpose in their own way.

Currently, a lot of internal communication which should be about empowering employees with relevant corporate messages actually just leaves them confused and unsure of what role they have to play within an organisation.

In a future workforce where emotion and feeling is given more of a free rein, declarations of purpose cannot fall into that trap. Employers cannot assume that employees will make all the connections (between purpose and strategy for example) that they have. Employees who feel unable to articulate to others what their employer's purpose is will likely not remain employees for long.

Admittedly, this is a hugely challenging task and one that may not sit comfortably with hard-nosed corporate ideology. However, as I believe that purpose will come to be seen as the key differentiator which convinces employees – and customers – to engage with an organisation, it is a challenge which needs to be faced sooner rather than later.







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