



Utah RIMS

Talent Risk

Are you Ready for What's Next?

Matthew Kamensky, Human Capital & Benefits

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

Source: USA Today Money

**Percent of employees who
say they have to join
another company if they
want to advance**

41%

Source: Willis Towers Watson, Talent Management and Rewards Study

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

Source: U.S. Department of Labor.

Why do we talk about Talent Risk?



Why do we talk about Talent Risk?

200,000

Documents lost by the IRS every year

114,500

Mismatched shoes shipped every year

99,180

Accidental deaths in Medicare hospitals every year

38,000

Commercial aircraft
land in an unstable
condition every year

22,000

Checks deducted from the
wrong bank account every hour

Source: Willis Resilience October, 2013

What do we mean by “Talent Risk”?

Talent Risk comprises risks “from” and “to” talent, with each dependent on the other

Risks to talent

- Skill shortages
- Competitive threats
- Poor management/leadership
- Misaligned culture
- Unclear organization/roles
- Unclear expectations
- Insufficient information/tools
- Low motivation/engagement
- Physical health
- Financial concerns



Risks created by talent

- Compliance
- Discrimination
- Accidents/Loss
- Property hazard/damage
- Productivity/Efficiency
- Quality
- Service
- Financial
- Differentiation/Strategy/Brand
- Innovation

**As risks to talent increase, so do risks created by talent...
and vice versa**

Drivers and implications of talent risk: The Next 10 Years

Pace of Change



Talent Globalization



Talent Scarcity



Skill Shortages



Contingent Workforce



Alternative Work Arrangements



Workforce Wellness



Workforce Productivity and Competitiveness

Quality and Service Risk

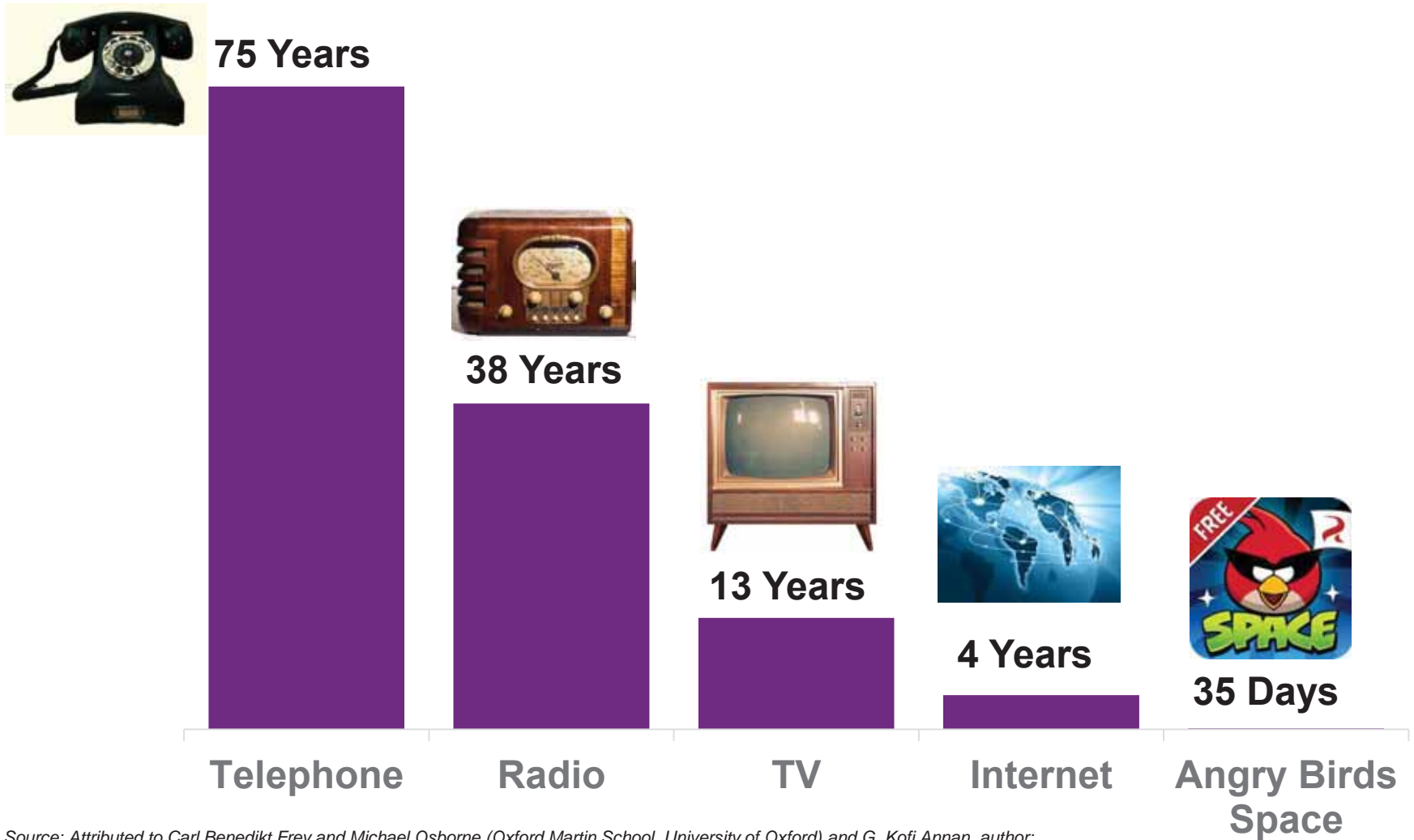
Customer Risk

Economic Risk
(Compensation, Health/Wellness, Financial Fitness)

Compliance Risk

Pace of Change

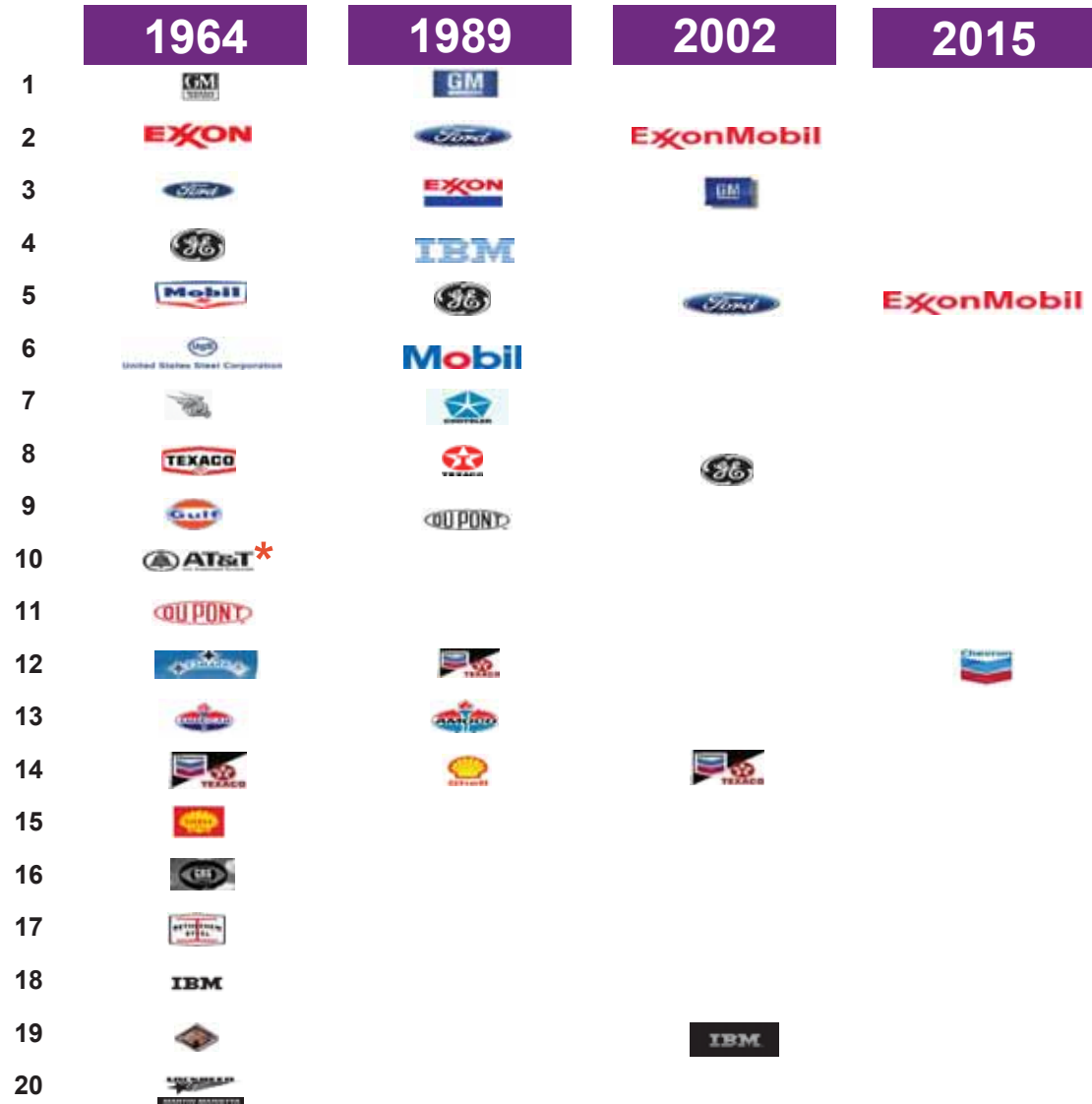
Time to Reach 50 Million Users



Source: Attributed to Carl Benedikt Frey and Michael Osborne (Oxford Martin School, University of Oxford) and G. Kofi Annan, author; note: some figures disputed

Pace of Change

Fortune 20 (1964 – 2015)



Looking Ahead: Recognize these logos?



...they are all *current* Global 50 players

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

Then



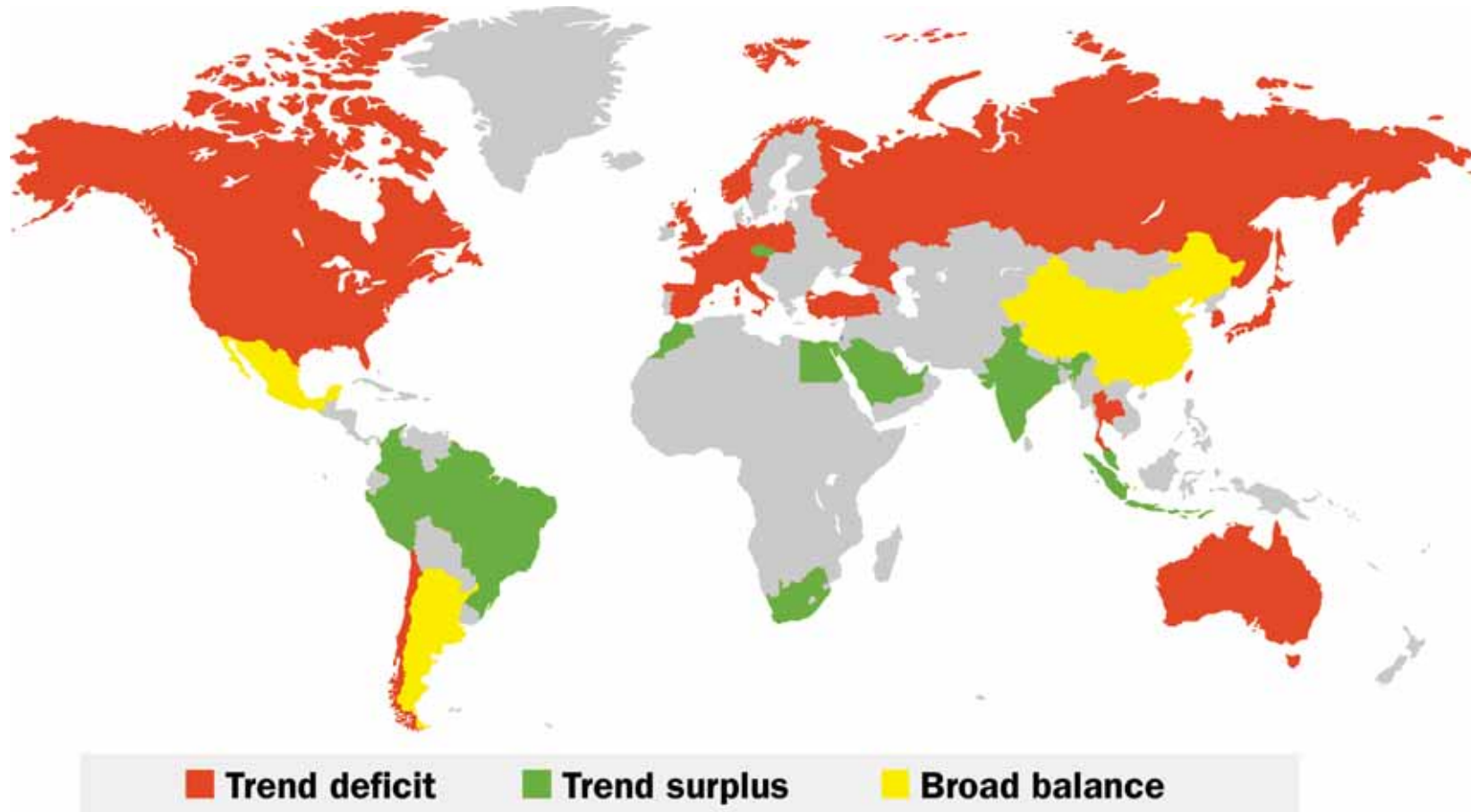
Now



Talent shortages in 2021: Not pretty for mature markets

Global talent heat map

The gap between the growth in demand and the growth in supply of talent, 2011 to 2021

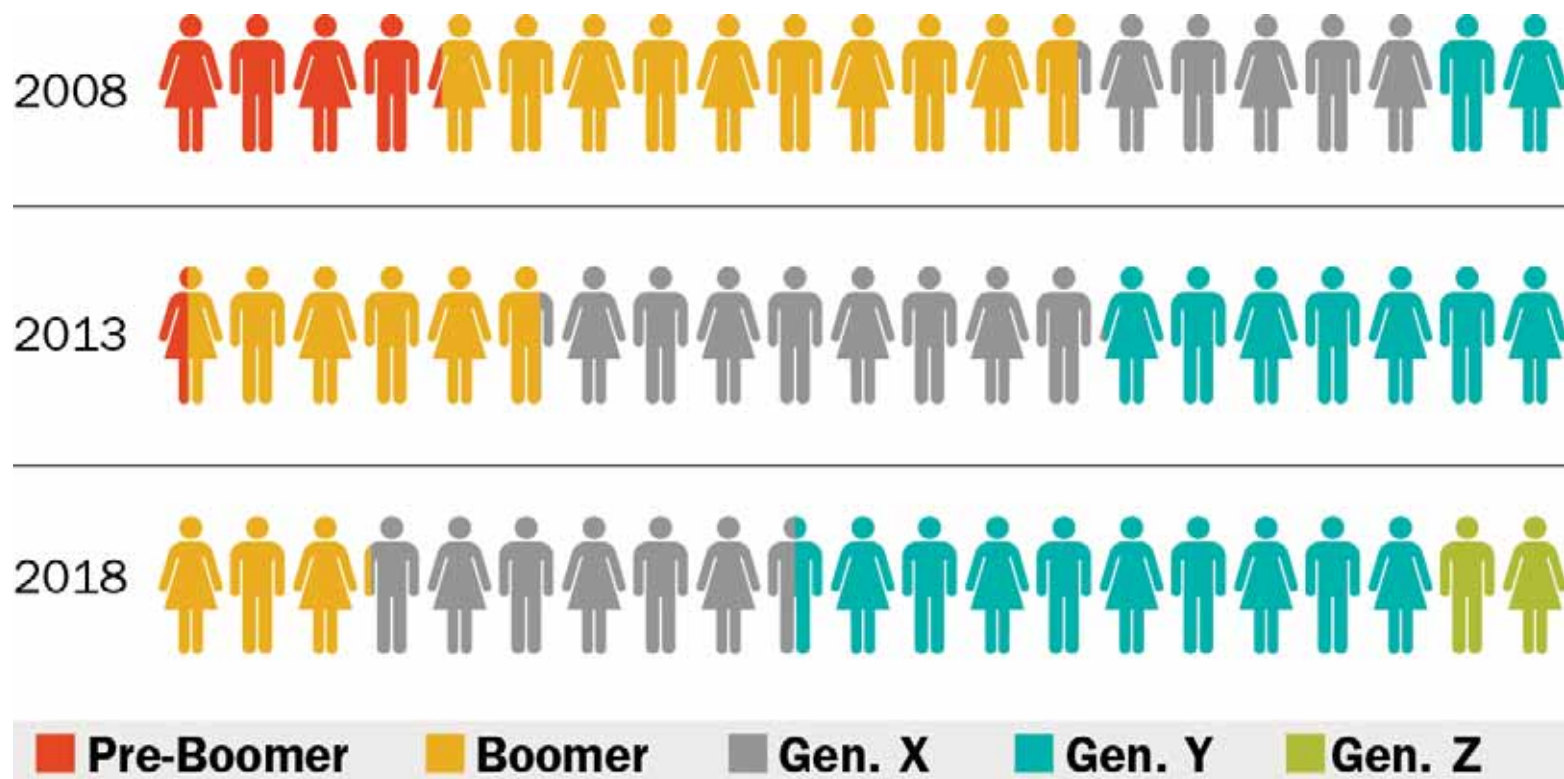


Source: *Global Talent 2021*, Oxford Economics and Towers Watson

What will 2018 look like for your organization?

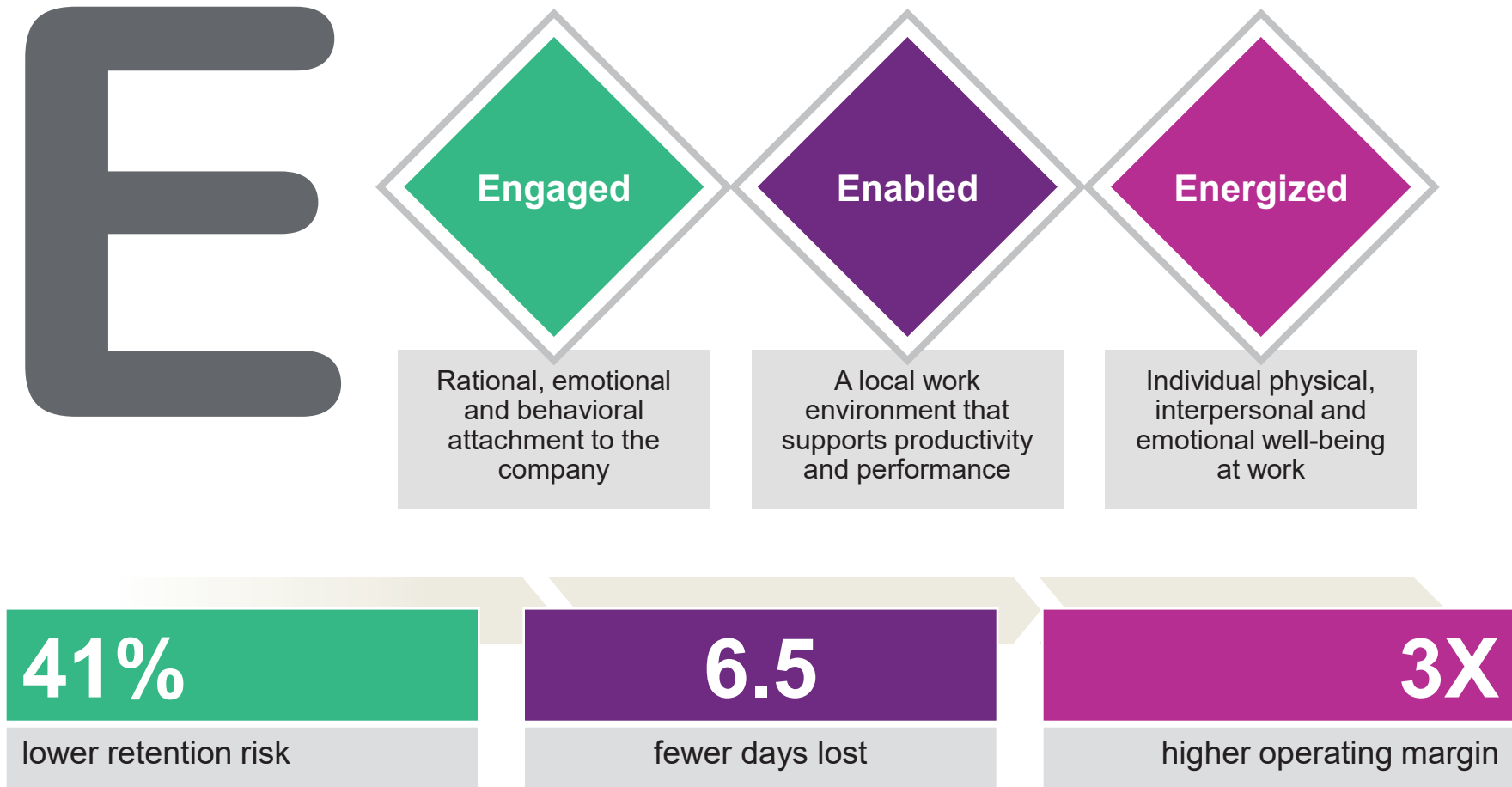
Illustrative company demographic shift

Global company population — By age



Sustainable Engagement and the link to business performance

Our Sustainable Engagement model is based on Willis Towers Watson's research demonstrating its linkage to business metrics. For engagement to be sustainable over time, employees need to be engaged, enabled and energized.



Organizations continue to face challenges attracting and retaining talent in key employee segments

Talent mobility has **increased**.

48%

of employers indicate that hiring activity has increased compared to last year.



35%

of employers report that turnover is rising.



Retention risk is **high**.



46% of employees think their organization does a **good job of hiring**.

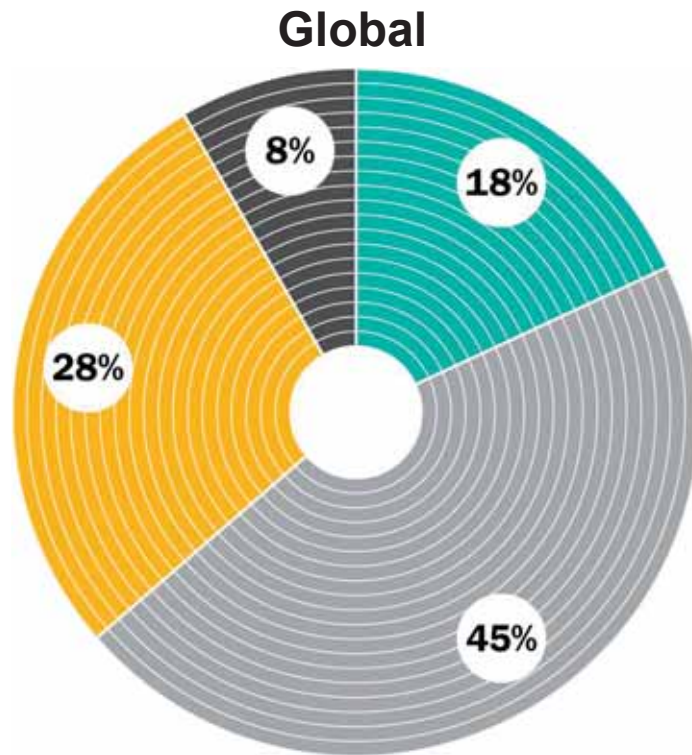


42% of employees think their organization does a **good job of retaining highly qualified people**.



Sources: 2014 Towers Watson Global Workforce Study and 2014 Towers Watson Global Talent Management and Rewards Study

Retention risks are high globally



- **Leavers:** Intend to leave
- **Stayers:** Prefer to remain
- **Soft Stays:** Intend to remain, but will leave for comparable opportunity
- **At Risk:** Prefer to remain even if there is a comparable opportunity elsewhere, but are likely to leave in next two years

- Over 1 in 4 employees intend to leave their employer in the next 2 years.
- Fewer than half intend to stay with their current employer by choice.

Source: 2014 Towers Watson Global Workforce Study — Global

Top attraction drivers

	Employer view — Talent Management and Rewards Study 	Employee view — Global Workforce Study 
1	Career advancement opportunities	Base pay/Salary
2	Base pay/Salary	Job security
3	Challenging work	Career advancement opportunities
4	Organization's reputation as good employer	Learning and development opportunities
5	Organization's mission/vision/values	Challenging work
6	Learning and development opportunities	Organization's reputation as good employer
7	Job security	Vacation/Paid time off









































Sources: 2014 Towers Watson Global Workforce Study and 2014 Towers Watson Global Talent Management and Rewards Study



Top *retention* drivers

	Employer view — Talent Management and Rewards Study 	Employee view — Global Workforce Study 
1	Base pay/Salary	Base pay/Salary
2	Career advancement opportunities	Career advancement opportunities
3	Relationship with supervisor/manager	Trust/Confidence in senior leadership
4	Manage/Limit work-related stress	Job security
5	Learning and development opportunities	Length of commute
6	Short-term incentives	Relationship with supervisor/manager
7	Challenging work	Manage/Limit work-related stress

Sources: 2014 Towers Watson Global Workforce Study and 2014 Towers Watson Global Talent Management and Rewards Study

Top attraction and retention drivers by age

	< 30	30 – 39	40 – 49	50+
1	  Base pay/Salary	  Base pay/Salary	  Base pay/Salary	  Base pay/Salary
2	 Job security  Career advancement opportunities	 Job security  Career advancement opportunities	 Job security  Career advancement opportunities	 Job security  Trust/Confidence in senior leadership
3	 Career advancement opportunities  Length of commute	 Career advancement opportunities  Trust/Confidence in senior leadership	 Career advancement opportunities  Trust/Confidence in senior leadership	 Challenging work  Career advancement opportunities
4	 Learning and development opportunities  Manage/Limit work-related stress	 Learning and development opportunities  Relationship with supervisor/manager	 Organization's reputation as good employer  Job security	 Organization's reputation as good employer  Job security
5	 Organization's reputation as good employer  Trust/Confidence in senior leadership	 Challenging work  Length of commute	 Challenging work  Relationship with supervisor/manager	 Career advancement opportunities  Relationship with supervisor/manager

 Attraction driver  Retention driver

Sources: 2014 Towers Watson Global Workforce Study and 2014 Towers Watson Global Talent Management and Rewards Study

Although there's been year-over-year improvement in employee perceptions, career management programs are still falling short

Less than half of employees believe their employers provide useful career planning tools or opportunities to advance



Source: 2015 Towers Watson Global Workforce Study

In fact, four in ten employees believe they need to actually leave their current employer in order to advance

And even employees who have been formally identified as high potentials believe they need to leave, putting companies in danger of losing some of their best talent



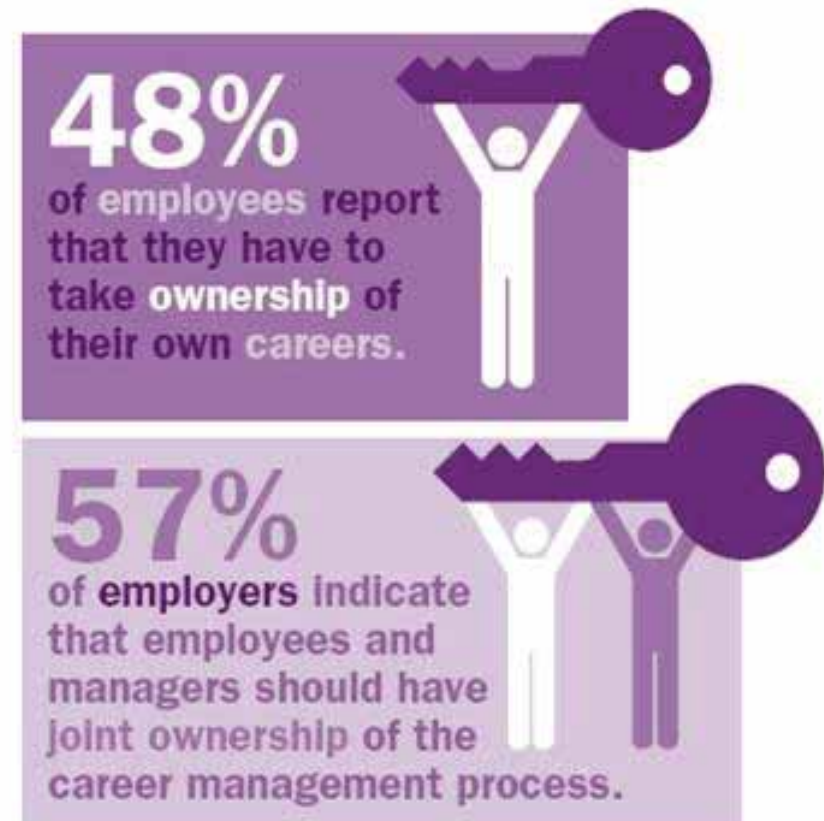
Source: 2015 Towers Watson Global Workforce Study

What is career management?

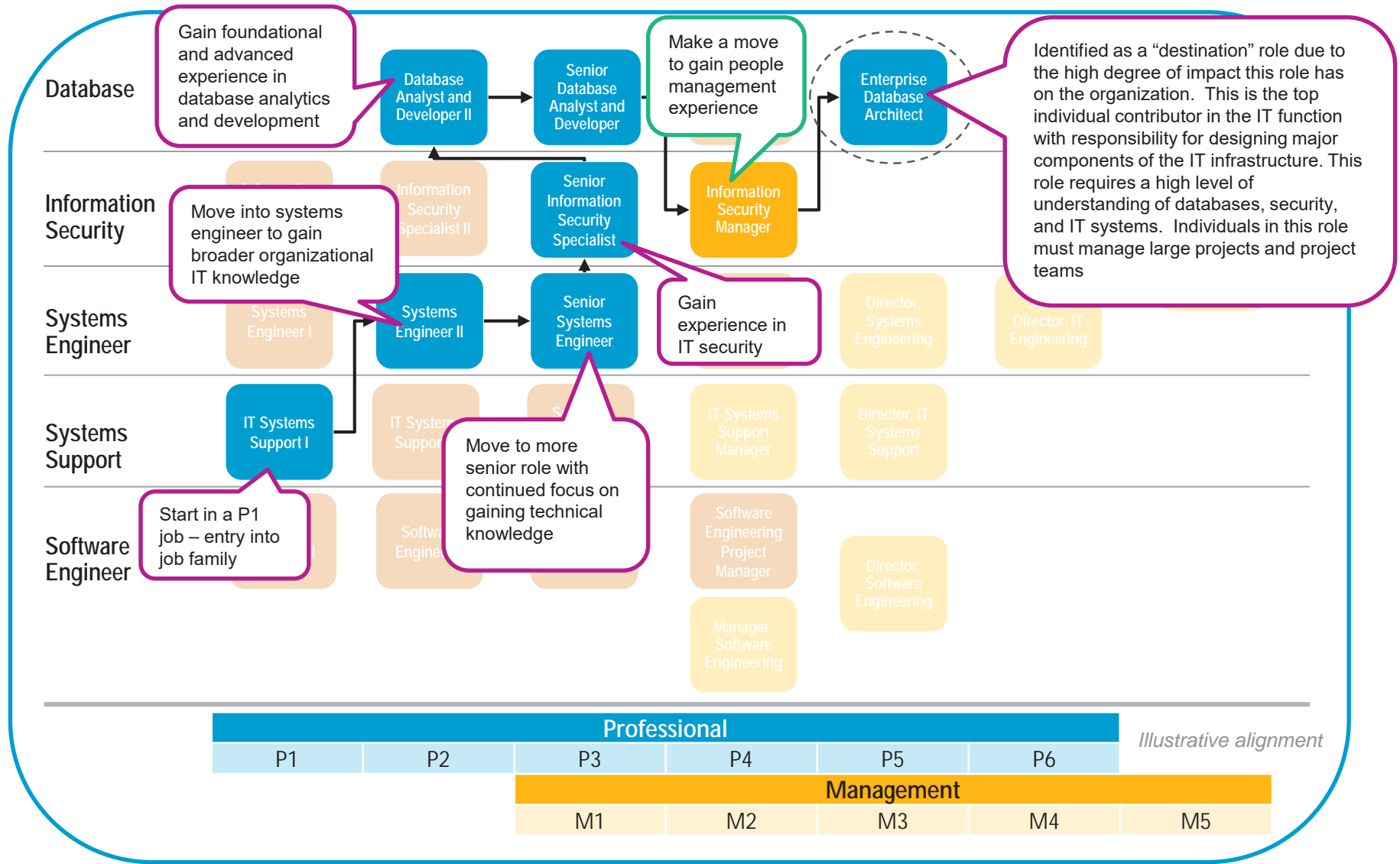


The new career contract: Who owns my career?

- An overarching strategy is needed to anchor and guide the development of a career management program
- A basic question to consider when developing a career management strategy is – who is responsible for the career management process?
- An effective career management strategy will help reduce employees' feeling they are on their own when it comes to career development and advancement opportunities



Sample: Illustrating a career path



What companies are doing

Talent factors used to mitigate risk categories

<u>Talent Factor</u>	Employee Productivity/ Competitive-ness	Quality and Service Risk	Customer Risk	Economic Risk	Compliance Risk
▪ Workforce Planning	✓		✓		✓
▪ Candidate Assessment	✓	✓	✓		✓
▪ Pay/ Rewards	✓	✓	✓	✓	✓
▪ Health & Welfare Benefits	✓	✓		✓	✓
▪ Retirement Benefits	✓	✓		✓	✓
▪ Culture/ Environment	✓	✓	✓	✓	✓
▪ Training	✓	✓	✓		✓

What companies are doing

Key to Reducing Talent Risk: Treating employees like consumers

70%

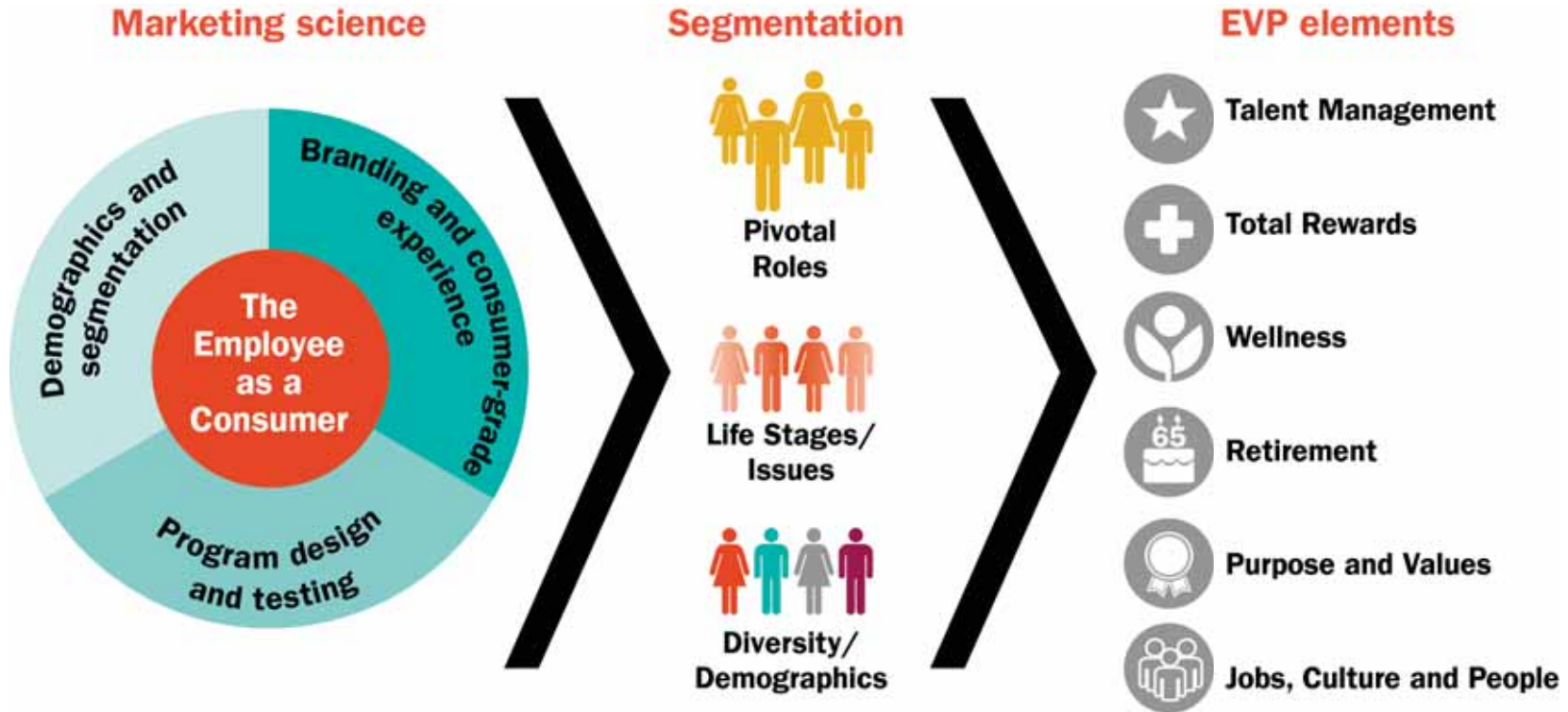
Percent of employees believing that their organization should understand them to the same degree that employees are expected to understand external customers

Percent of employees reporting having an employer that understands them in this way

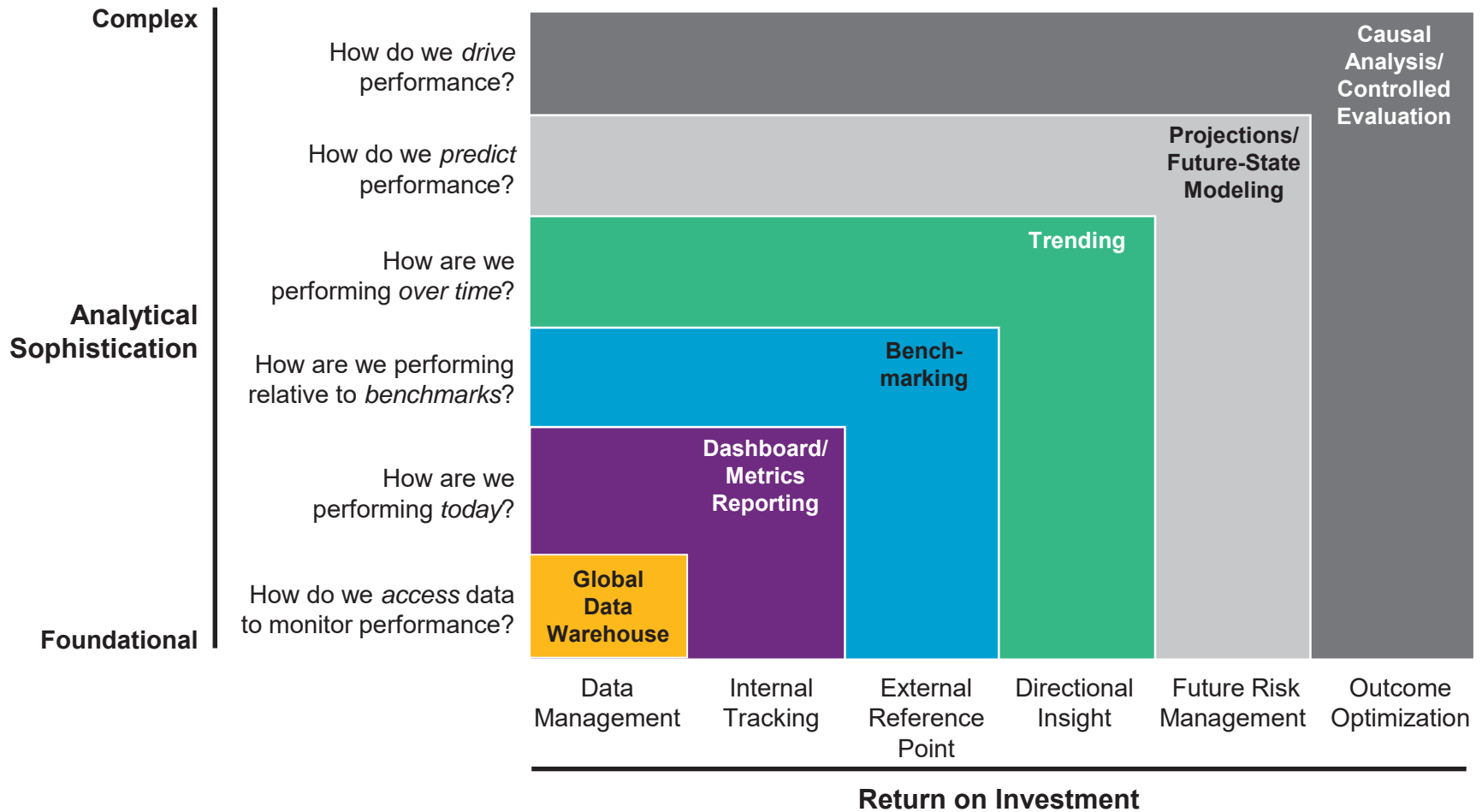
43%

Source: 2014 Global Workforce Study, Towers Watson

Reducing talent risk: savvy segmentation

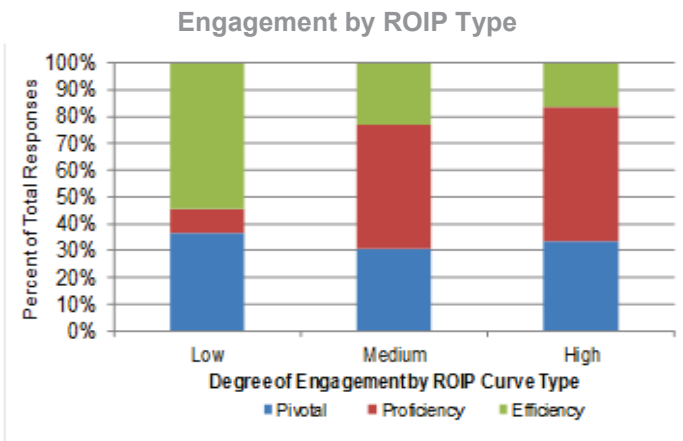
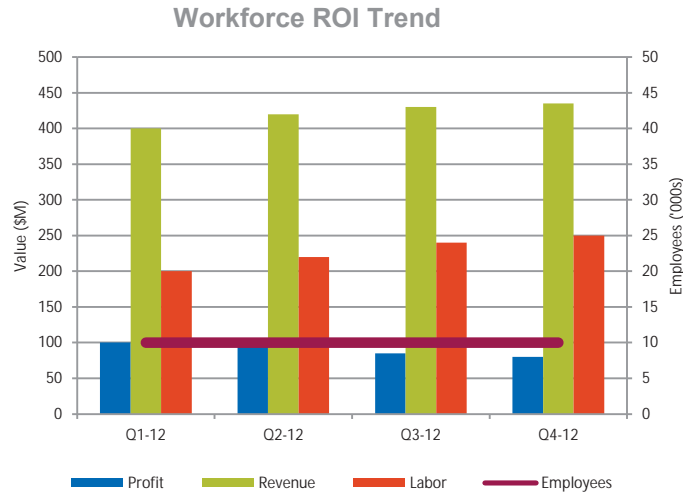


Using “big data” and workforce analytics strategically



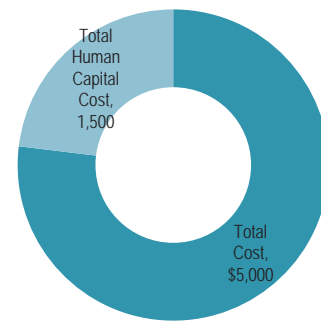
Using “big data” and workforce analytics strategically (cont.)

1. People productivity



2. People investment

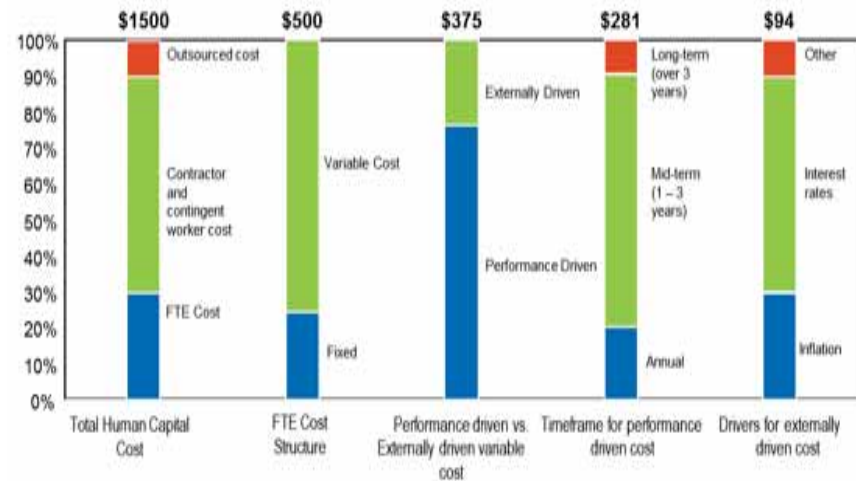
Labor Cost as a percentage of Total Cost



Other People Investment charts for consideration:

1. FTE vs. PTE cost by grade
2. Fixed vs. variable cost by grade

Labor Cost Breakdown by Type

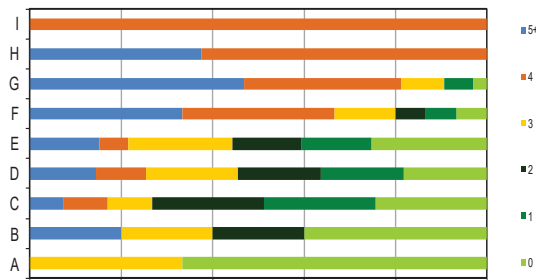


Using “big data” and workforce analytics strategically (cont.)

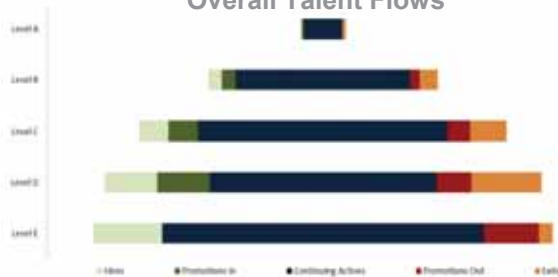
3. People capability



Workforce Proficiency by Years

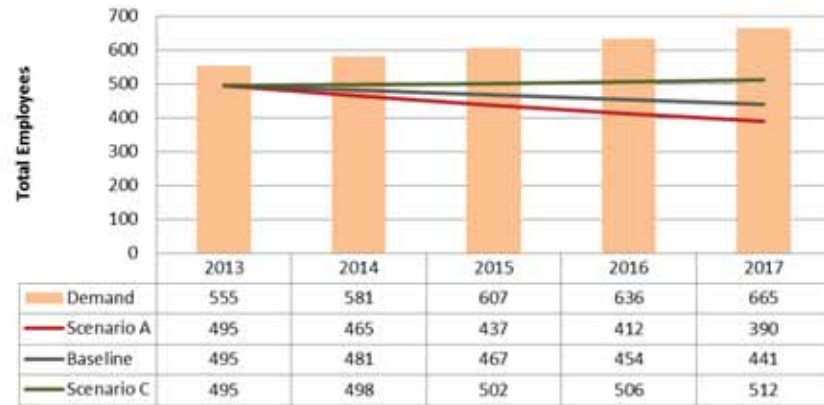


Overall Talent Flows

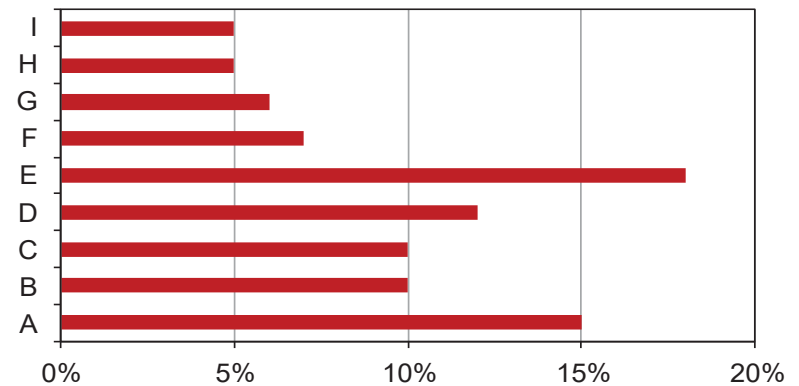


4. People risk

Labor Projection—Pivotal Roles
Total Projected Employees



Turnover by Level



“**Culture**, more than rule books,
determines how an
organization **behaves**”

Warren Buffet

Berkshire Hathaway

Discussion & Questions?

Matthew Kamensky

Human Capital & Benefits

matt.kamensky@willistowerswatson.com

303-391-1240

Scott Davis

Corporate Risk & Broking

Scott.e.davis@willistowerswatson.com

303-765-1560

Tom Wright

Client Development Group

tom.wright@willistowerswatson.com

303-391-1205

Utah Offices

222 Main Street
Salt Lake City, UT 84101

10975 Sterling View Drive
South Jordan, UT 84095

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4

Business Segments

Corporate Risk and Broking

Exchange Solutions

Human Capital and Benefits

**Investment, Risk
and Reinsurance**

5

Values

Client Focus

Teamwork

Integrity

Respect

Excellence