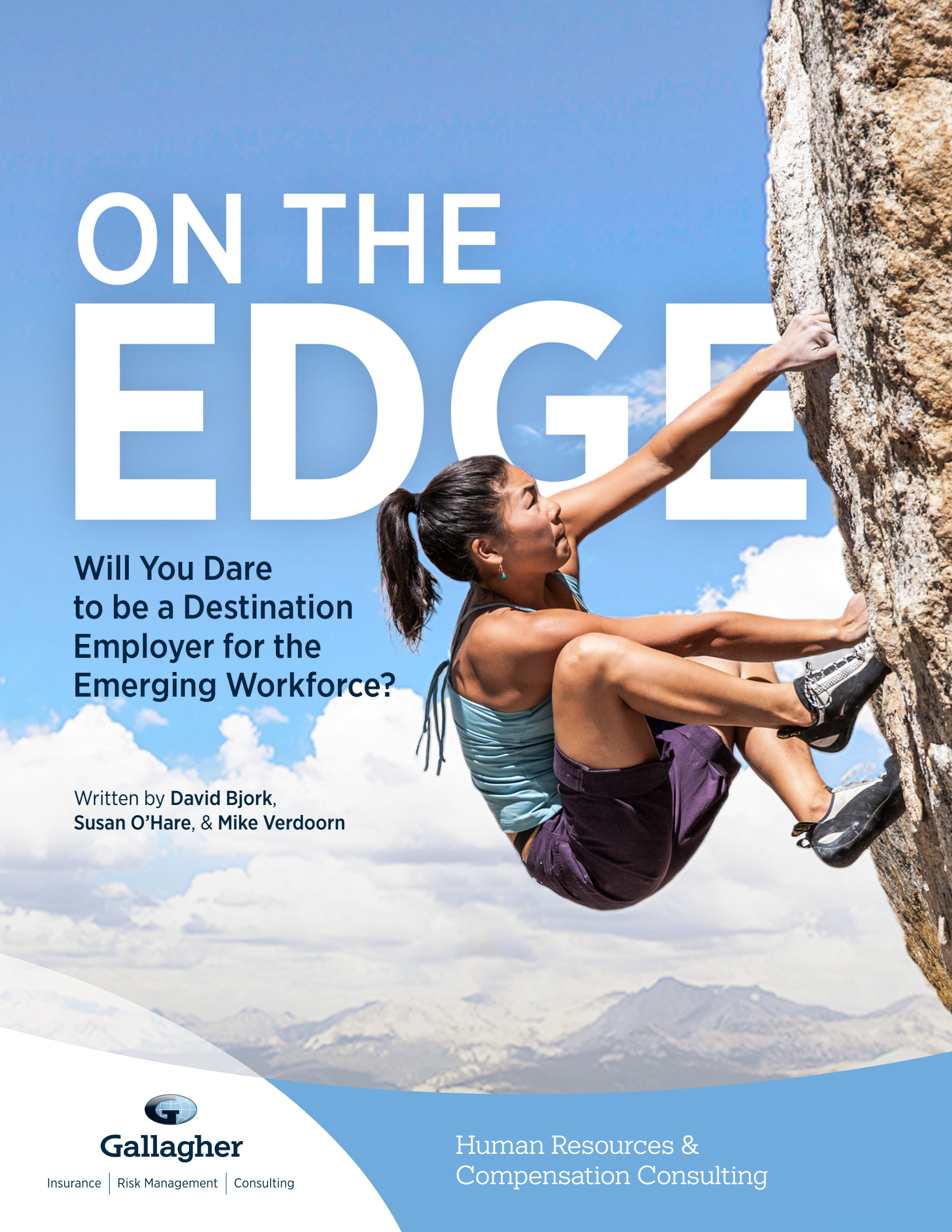


ON THE EDGE



**Will You Dare
to be a Destination
Employer for the
Emerging Workforce?**

Written by **David Bjork,
Susan O'Hare, & Mike Verdoorn**



Gallagher

Insurance | Risk Management | Consulting

Human Resources &
Compensation Consulting



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The CONTRIBUTORS



David Bjork, PhD

Managing Director & Senior Advisor, Compensation Consulting

Compensation expert and author Dr. David Bjork has helped reorganize several of the country's largest healthcare systems and has assisted others as they work through post-merger integration. As clients have approached major transitions like mergers or divestitures, he has helped them maintain management continuity until the organization has stabilized in a new structure. In addition, he has guided a number of organizations through the difficulties associated with leadership transitions.



Susan O'Hare, RN, MSN, CPNP-PC, CPN

Managing Director & Senior Advisor, Executive Search

Consultant and registered nurse Susan O'Hare has more than 30 years of leadership experience in the healthcare industry. Her robust insights and knowledge of the inner workings of healthcare organizations made her a recognized expert in the industry. Susan focuses on national networking and building trusted client relationships through service delivery and insightful consulting. Her previous focus was advising both governing boards and executives on executive compensation.



Mike Verdoorn

Senior Consultant, Compensation Consulting

As a leading compensation authority, Mike Verdoorn is responsible for cultivating, developing, and leading comprehensive compensation, classification, job evaluation, and performance management projects for a variety of clients in higher education, public, non-profit, and private sectors. He provides leadership in the compensation field by partnering with clients to develop custom compensation and job design strategies, formulating project plans, and developing innovative compensation and classification approaches and strategies.

FINDING YOUR EDGE



The excitement, the challenge, the thrill—it's all a part of living on the edge. It's also what it takes to be a leader of a top destination employer, an organization where people not only want to work, but want to stay long term.

To succeed in gaining and retaining top talent, leaders need to take bold steps and look to the horizon to out-manuever the competition. They need to find and retain top talent that transcends generations by embracing change and viewing old risks as new opportunities. Simply put: What worked before, won't necessarily work now and almost certainly won't work moving forward.

For this whitepaper, Gallagher's Human Resources & Compensation Consulting practice assembles and leverages some of the most respected names in HR consulting, providing the top-level perspective organizational leaders need.

You'll find insights relating to your people-focused issues, helping you to:

DEVELOP

Foster and train your people to better align them with your long-term organizational goals

ATTRACT

Identify and enlist the talent that will help maximize your organizational potential

REWARD

Craft and deploy compensation solutions that improve your ability to motivate

ENGAGE

Manage your people more effectively to maximize their impact on your organization

Whether it's a measured shift away from traditional approaches or an assertive move that gets right up to the edge, we challenge leaders to seize new ideas and lift their organizations to a higher level. The rewards are big, but so is the thinking to get there.

A person in a red shirt and green pants is climbing a steep, yellowish-brown rock face. A rope is attached to their harness and extends across the frame. In the background, a coastal town with white buildings is visible on a hillside overlooking a blue body of water under a clear sky.

Dare to DEVELOP People

Attracting and retaining the best talent in the new generation of employees will require a greater investment in development than in the past. While prior generations based their career aspirations on lectures, textbooks, and classroom discussions, newer generations will be expecting opportunities for development shaped by the speed and convenience of internet search engines and social media—and won't settle for less. Having grown up in a period of technology and interconnectivity, the younger generations expect immediate access to learning opportunities and ready access to training materials, and will be disappointed if they need to wait or actually attend formal classes in an employer's on-site "university" classroom.

These employees have had opportunities for much of their lives for continuous learning, and they will expect continuous opportunities for learning in their careers. They often become impatient with traditional step-based approaches that require significant on-the-job experience before advancing. They will not appreciate ten-step seniority-based pay scales or career ladders that take a decade to climb. They will be impatient for advancement as they acquire their skills and will want to be the first adopters of new technology applications and hardware in the workplace.

On the other hand, employers may need to put more effort into developing the social skills of the new generation of employees, given the effects of over-reliance on electronic media for communication as well as the need to quickly develop their leadership skills to replace Boomers as they retire. Given the necessity for collaboration with associates from multiple disciplines and effective communication with clients as well as co-workers, destination employers will want to develop new employees' communication and collaborative skills as well as technical and supervisory skills. Doing so will help them not only become effective team players, but effective leaders as soon as possible.

The newer generations will be expecting more opportunities and will not settle for less.

Becoming a destination employer for the newer generations' best talent will require a concerted effort to meet their more unconventional expectations. Destination employers are leaders that cultivate a workplace that attracts, retains, and engages the right people to the organization's productivity and growth. They support the total wellbeing and engagement of their workforce providing benefits and programs to support their physical, emotional, financial, and career wellbeing. To achieve this destination employer status, organizations will need to deliver more development opportunities than other employers and tailor the opportunities to meet individual needs and preferences. For example:

- **Begin developing people for their future roles** at the same time they are developing their current roles.
- **Move people around every few years** to keep them engaged as well as to offer them new learning opportunities.
- **Develop leadership skills early**, preparing staff to lead projects or to supervise or manage others while they are still in a learning mindset.
- Determine what development opportunities employees want or need; ask them to set their own development goals, and **offer them opportunities to meet those goals**.
- Offer training in collaboration, then give employees **opportunities to develop their collaborative skills** by participating in team-based problem-solving and new initiatives.
- Help members of the next generation **develop their personal strengths**, so they can comfortably carry their own weight in crucial conversations needed to solve problems at work as well as home. They can become aware of their personal styles and learn how to communicate and interact effectively with those with different personal styles. In addition, they can learn how to lead and influence others, as well as solve problems so they can overcome whatever personal challenges might interfere with their performance at work.
- Offer opportunities for acquiring specialized expertise and certification in whatever disciplines are useful in their career path. For example, **support development with allowances for specialized training** in the form of tuition reimbursement and even paid time off for training and certification.
- Rather than relying on “promotional” increases every few years, support continuous learning with corresponding **increases in compensation**, keeping pay commensurate with the value of employees' contributions.
- For advanced professionals, offer **opportunities for conducting research**, participating on professional committees, and developing new programs, even though that will reduce their overall productivity.



Dare to ATTRACT People

**Offering a good job with
good pay is no longer enough.**

A small company or organization in a town or county with limited competition might not need to worry about attracting employees, but most employers do. Even mid-to-large facilities 20 or 30 miles from their nearest metropolitan area need to attract employees from far away. Being the biggest employer in town inevitably makes it difficult to fill open positions, as most communities don't have enough well-qualified candidates residing in the region to meet demand.

Well-trained, younger employees know they have lots of opportunities, not only at the local companies. Offering a good job with good pay is no longer enough when the candidates you want to attract have ready access via the internet to all the openings in the country. Well-paid professionals can easily discover for themselves why a competitor 30 or 300 miles away is a better place to work than nearby employers.

Attracting the best employees—those who are looking for a career, not just a job—takes more than offering good pay and benefits. Younger candidates, those willing to commute or even move to work for a destination employer, know what they're looking for and know how to find it.

Reputation and image are what matter in attracting the next generation of employees. Through online searches and social media, younger candidates looking for a position can easily learn the reputation of any organization for the opportunities it offers its employees. Your current—and even previous—employees create the image and reputation your company projects to these candidates more so than your website, your recruiting campaign, or even your advertising and public relations efforts.

The new candidates you want to attract are seeking a workplace where employees love and respect it for the ample opportunities for career and personal development it offers. They want the same opportunities for career development, personal development, and both fulfilling work and social environments. And more so than previous generations, they seek an employer that values and appreciates employees even more than its employees value and appreciate their employer.

Companies cannot create their own image as a destination employer—their employees do—but they can certainly help shape it. A company becomes a destination employer only by delivering what emerging generations want from a work experience. These new priorities include: ample opportunities for career development and personal growth; satisfaction from the work performed; appreciation for their labors and willingness to put in extra effort; a comfortable social environment in which friendship and collegiality is just as valued as friendliness and collaboration; fairness; and of course, competitive pay and benefits.

Without making efforts to meet these expectations, organizations will find it harder and harder to attract the next generation of employees. Those that dare to do more to meet—and where possible, to exceed—these expectations are the ones that will enjoy the advantages of being true destination employers.

PRIORITIES

FOR THE EMERGING WORKFORCE

- ✓ **Opportunities for career development and personal growth**
- ✓ **Satisfaction**
- ✓ **Appreciation**
- ✓ **Comfortable social environment**
- ✓ **Fairness**
- ✓ **Competitive pay and benefits**



Dare to **REWARD** People

Clearly, in order to attract and retain a diverse and expanding workforce, it's not enough to simply pay competitively and offer standard benefits. With a different set of priorities and new definitions of what it is to be “fulfilled” in their careers, newer generations will seek and select employers that feature flexible approaches to pay and benefits, including flexible scheduling, trading pay for more time off, and support for volunteer activities. Destination employers are rethinking their approach to recognizing and rewarding younger employees, offering them more of what really matters.

The traditional concept of rewards has typically included base pay, incentives plans, health benefits, and paid-time-off; and it is important to note that all of these aspects still exist, and are important to the emerging workforce. Compensation professionals continually see the re-emergence of past practices, simply wrapped up differently. However, just because you have seen a reward tool before, do not write it off; instead, examine the application, the reasoning, and, even more important in the emerging workforce, the audience.

Anything that could be misconstrued as “fake” will often carry serious backlash from the intended audience.

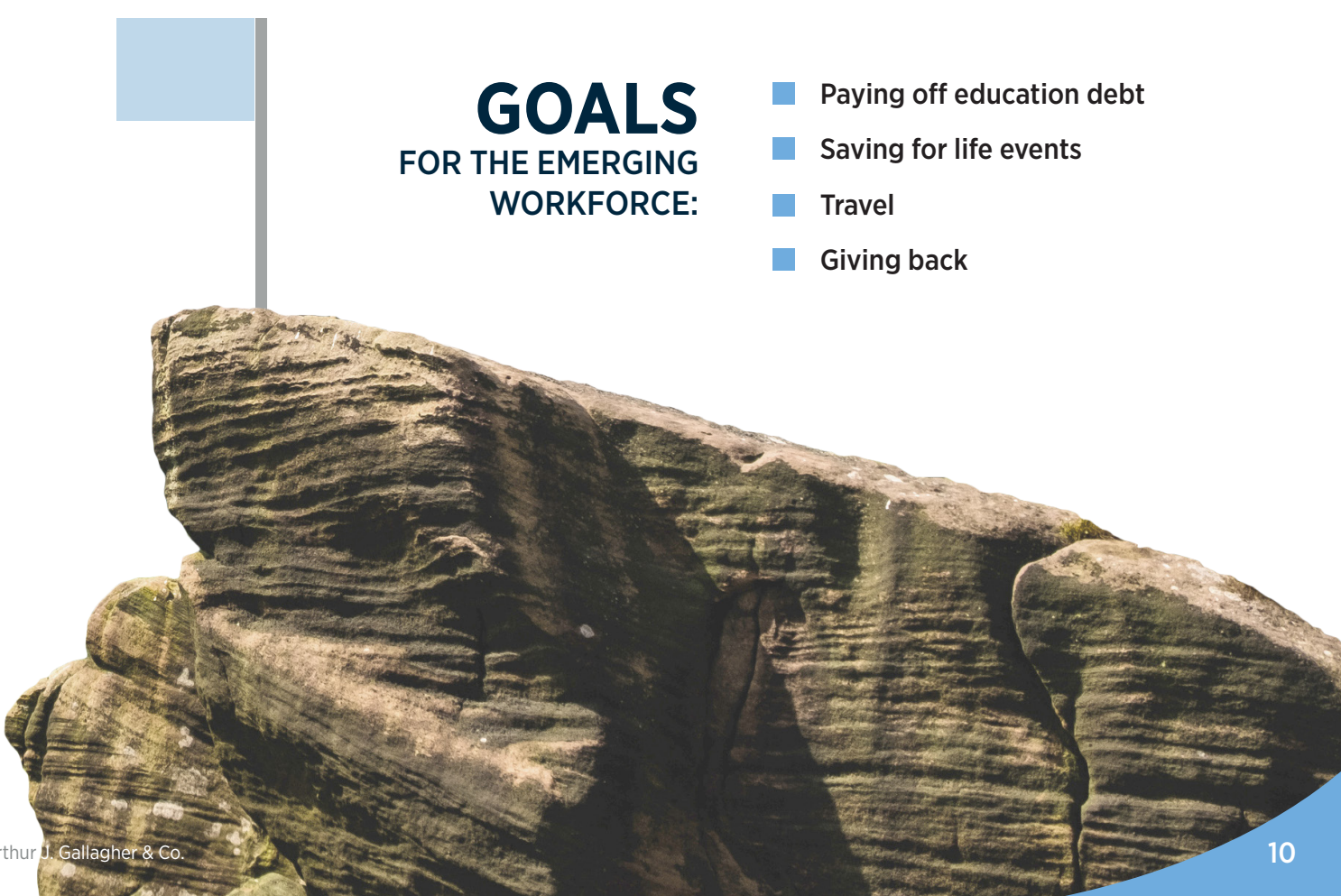
There is one basic tenant that you should apply to all the tools and methods your organization chooses to utilize for rewarding employees: Be authentic. Anything that could be misconstrued as “fake” will often carry serious backlash from the intended audience, damaging the organization’s reputation and perception.

Remember that the emerging workforce has extensive access to information to discern what is real from what is imagined; and once information is discovered, they are quick to share and disseminate it with others.

In addition, marketers have communicated to and targeted those in the emerging workforce for their entire lives. Therefore, these people are highly attuned to identify anything disingenuous or insincere. New generations joining the workforce place especially high importance on honesty, transparency, equity, and openness; and your total rewards programs should account for this value system.

With that groundwork in place, consider how the basic elements of total rewards can help your organization become a destination employer for the emerging workforce.

While we know the first consideration of most recruits will be base-pay, with those more recently entering the workforce, the real question is why? What are you trying to convey with the starting rate? The younger elements of today’s workforce are coming into the labor force with higher debt than in the past, and the immediate concern is to pay off this debt.



GOALS FOR THE EMERGING WORKFORCE:

- Paying off education debt
- Saving for life events
- Travel
- Giving back

The culture of a true destination employer is presented through its recognition and rewards.

Be honest about the salary range, placement of their position in a certain grade, and placement within the range. What would be the harm of explaining to employees how the salary structure is developed (unless you cannot explain it)? If a job is placed in a salary grade because of the market data (understandable), then speak to what the sources of the market data are in order to enable conversations. A key concern for the emerging workforce is how to pay off debt, and a destination employer committed to supporting the total wellbeing of its workforce should have creative avenues to help employees address that debt and achieve financial wellbeing.

Much of the younger workforce have personal financial wellbeing goals of paying off education debt, saving for life events (housing, wedding, children, etc.), travel, and giving back—often on a more aggressive timetable than previous generations. As a result, organizations with benefits plans offering the flexibility to accomplish a variety of goals will be perceived as high-value. In addition, the re-emergence of previous methods may be the key, such as a cafeteria style approach, however, not simply with health-related benefits.

For example, in place of a conventional bonus or dedicated retirement contributions, paying off student loans may be an avenue to retention. In the past, stock options utilized different vesting schedules, and a similar approach could be done for loan payments. The approach should be to look for alternatives to the traditional benefits that match up with the individual goals of your employees.

For the new workforce—especially the younger members with a new set of values and varied expectations—the culture of a true destination employer is presented through its recognition and rewards: base pay, career development, and a variety of benefits that do more than compensate employees—they help staff become more than they are.





Dare to ENGAGE People

PART FOUR

A reasonably accurate definition of **employee engagement** would be:

A pronounced state of enthusiasm characterized by effort, pride, and ownership of work; when present, it fosters a mutually committed relationship between employees and organizations, resulting in the enduring pursuit of both organizational and personal goals.

Simply stated, a key component of every destination employer is a highly engaged workforce. Employee engagement does not occur by chance; rather, different workplace experiences come together to influence or “drive” engagement among employees across generations.

Highly engaged employees:

- Remain loyal
- Perform better
- Promote business efficiency and success
- Ensure service excellence
- Drive revenue growth
- Relentlessly advocate the brand

Engagement begins with the first encounter a candidate has with their potential employer. That initial interface with an internal recruiter, external recruiter, or hiring manager begins to form feelings of commitment and enthusiasm in a new employee. And those feelings should be positive! They should reflect the mission and values of the organization and set base expectations of accountability, personal responsibility, and behavior for the employee going forward.

Unenthusiastic leaders breed unengaged employees.

“Under-promise and over-deliver” should be the mantra for hiring managers as they set the foundation for performance expectations, reward and recognition programs, and initial training to develop a new employee. During the first weeks of employment, the interactions a new employee has with organizational leadership are incredibly important; they set the tone for the mutual commitment possible between the individual and the larger group.

Today’s young workforce expects to see an organized investment in training for their new job. Equally, they expect frequent and positive feedback as they develop job skills. Leadership must pay particular attention to their tone-setting language as they interact with the new hire so that they are demonstrating the commitment of the organization to the new employee’s career wellbeing every day.

Young entrants to the workforce have grown up in an “instantaneous” society. Their enthusiastic drive for information and ability to succeed can be dampened in the bureaucracy of large companies and organizations. Leadership must demonstrate their ability to remove workplace barriers to success for new employees and articulate a clear pathway forward.

Being recognized for their contribution to the organization’s mission is vital to the young workforce feeling a connection to the team. Leadership language should be focused on feedback to the employee, linking their work to the ultimate mission of the company.

Management’s challenge is in the perception that they are always under-delivering in the eyes of the new staff. Unenthusiastic leaders breed unengaged employees, creating tangible impacts on the bottom line. A 2015 Gallup study found that unengaged managers cost U.S. businesses between \$77 billion and \$96 billion annually.^[1] Conversely, leaders who buy into the mission and values of an organization and are themselves highly engaged, and easily become the best internal and external marketing agents money can buy; in fact, the same Gallup poll found “actively engaged” managers can impact the U.S. economy up to \$398 billion annually. Without question, choosing the right leaders is paramount to delivering on the elements crucial to an engaged workforce!

Organizations must realize the intentional effort that needs to be put into the first months of a new employee’s time on the job. Doing so increases the likelihood they will stay because they are highly engaged, versus leaving before they can become engaged in their new job. But act quickly—time is short with this “get it now” young workforce.



[1] “Only 35% Of U.S. Managers Are Engaged In Their Jobs”, Gallup Business Journal, April 2, 2015
<http://news.gallup.com/businessjournal/182228/managers-engaged-jobs.aspx>

CONCLUSION

THE VIEW FROM THE TOP

A photograph of two hikers standing on a rocky cliff edge, looking out over a vast landscape. The hiker on the left is wearing a pink shirt and yellow pants, and the hiker on the right is wearing a yellow shirt and red shorts. They are both looking towards the right side of the frame. The background shows a steep, rocky cliff face and a clear blue sky with some clouds. The sun is visible in the upper left corner, creating a bright glow.

“The person who goes farthest is generally the one who is willing to do and dare. The sure-thing boat never gets far from shore.”

—Dale Carnegie^[2]

With competition for top talent increasing among organizations, efforts to be a destination employer—somewhere that employees not only want to work but to stay long term—are on the rise. But what has historically made an organization attractive to candidates and existing employees, typically Boomers and Gen-Xers, is not always in alignment with what appeals to the new workforce generations, the Gen-Y Millennials and emerging Gen-Z.

With access to more information than ever before, the newer generations have the ability and desire to explore and examine potential employers holistically and through the experiences of others shared online. Meanwhile, the generations that have already established themselves in the workforce and will form the backbone of organizations for years to come, leverage their own experiences and expectations to determine what is best and what is tolerable.

This contrast is very real and unavoidable, and it is only those organizations that take necessary risks and determine how to best cater to the varied preferences that will enjoy long-term success—truly defining what a destination employer is across a diverse and complex workforce.

By empowering leaders with information, insights, and predictions, we dare them to do more to be a destination for both the emerging and existing workforce generations.

[2] *Dale Carnegie's Scrapbook*, ed. Dorothy Carnegie, 1959

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