The connected employee experience
Capturing hearts and minds drives greater employee engagement and business performance

pwc

The youngest generation of professionals was leaving PwC in growing numbers after just a few years. Perhaps even more alarming, a significant majority appeared to lack interest in the traditional professional services career path, one that required an intense work commitment early in their career in exchange for the chance to make partner later on.

We knew our future success depended on increasing engagement in this cohort—but wanted to base decisions on data, not myths about millennials. As part of a massive generational study, the largest of its kind, we ran a NextGen jam in late 2012.[1] For 72 hours, over a thousand staff and leadership from around the world convened online and talked about what engages workers as employees.

We learned that millennials are truly different from previous generations. They view work as a "thing" not a "place." They believe that productivity should be measured not by hours worked at the office but by productivity output. And, like most generations, they want work flexibility—but for different reasons.

Insights such as these led to a major employee initiative at PwC focused on flexible work arrangements. Employees were engaged to define options that would meet their needs but also maintain the highest level of service to clients. After the new practices were piloted and woven into daily work, retention rates improved significantly.

We know that we need to honor our strong history of employee engagement in new ways. Our plans for the future require that we (re)think talent—from how we recruit to how we engage, retain and reward employees.

Like us, you are a business leader who recruits, hires, develops and tries to retain talent every single day. You work hard to attract the best people—and you know your top performers will leave if they aren't engaged with your brand and the business.

You've read the statistics around employee engagement. Gallup estimates that US businesses lose between $450 billion to $550 billion each year due to disengaged employees.[2] Based on stock performance, Wharton professor Alex Edmans determined that companies on the Fortune list of "best companies to work for" outperformed their peers by 2–3 percent per year.[3] You also see first hand the generational differences in managing work teams.

Your workforce is changing—but is your company keeping pace? What can you do? (re)Think talent.

1   PwC, PwC's NextGen: A Global generational study, 2013.

2   Gallup, *State of the American Workforce Report*, 2013.

3   Edmans, Alex (2011): Does the Stock Market Fully Value Intangibles? Employee Satisfaction and Equity Prices. Journal of Financial Economics 101(3), 621–640

Why (re)think talent?

Everyone knows the current environment is faster paced and more complex than ever before. Rapid business model shifts, increased globalization, the rise of online social connectivity, and the changing expectations of employees make managing employee engagement and the lifecycle of your workforce far more challenging.

Anxiety over skills needed is rising as a result: "70% of US business leaders are concerned about the availability of key skills, compared with 54% in 2013," per PwC's most recent Global CEO Survey.[4] Competition for technology talent is not limited to the technology sector either. "New growth strategies require delivering new value propositions to customers, which in turn require having access to skills that are in other industries or companies. Developing the nation's smart grid, for example, requires talent that resides in the communications and technology industries."[5]

Is it just that the right individuals are tough to find in today's hypercompetitive market for talent? Or is it that you haven't given enough thought to the changing paradigm in the "war for talent"?

Employers are no longer in the driver's seat—"if I build it (and, build it cooler), they will come." Now individuals have incredible choice. They are exercising that choice not only by evaluating a company's products or services but also by considering whether that company is "changing the world" in a way that is meaningful to them.

It isn't enough to have the most innovative product, coolest technology or best cafeteria. You have to have linked your business strategy to your employee value proposition and created an employee experience that attracts and motivates your workforce to give their best and take real ownership in your mission and your brand.

Let's face it, when an employee can take a new job two buildings down with a 20% higher base and equal "perks," you need something more powerful, a connected employee experience that fosters a committed relationship to the organization's business performance over the long term.

Challenges driving a new approach to talent

Catalysts for rethinking talent include:

Business model shifts: Industry lines are blurring as both technology and non-technology companies jump into new markets. Technology is one of the drivers—though not always the biggest—in the rapid tearing down and rebuilding of business models we see now. Changing what they do requires companies to build new competencies. And an inability to fill critical roles with top-tier talent can grind strategy to a halt.

Technology companies are in need of different kinds of talent to drive their entry into non-tech markets like entertainment (Netflix, Amazon, Hulu), employee recruitment (LinkedIn, Facebook and Jobvite), retail, phone (Apple, Amazon and Microsoft's Skype), and advertising (Google, Facebook, Twitter).

Increased globalization: The workforce is being retooled in all parts of the world. In mature economies, older workers are learning new skills and working longer, and some of their work is being supplemented by migrant populations. In emerging growth markets, the gaps between supply and demand for those with university-level education have to be filled.*

Growth countries (e.g., China, India, Brazil, Russia) are transitioning from centers of labor into consumption-oriented economies. As they become exporters of capital and innovation—and as trade and investment flows grow between them—mature markets may lose influence and capital and become less attractive for talent.* That impacts the rising percentage of US Millennials who expect to work abroad at some point in their career.**

Rise of online social connectivity: Social connectivity, used effectively, can supercharge a technology company's ability to become agile. The connectedness of employees is directly tied to the speed with which they interact and the value of the innovations they produce. Everything happens faster when there is 24x7 access to global networks of people and ideas. And crowdsourcing—among employees but also with partners, customers, and larger ecosystems—creates a global pool of new ideas for winning in the market.

The line between work and social has blurred. New hires are now a valuable source of talent. Attracting a prospect's friends is a double-win: the prospect is more likely to sign and more positions can be filled at the same time.

War for talent: As a leader responsible for sourcing, acquiring, hiring and developing talent, you know you are at high risk of not having the right people in the right locations at the right time. You are not alone: 68% of respondents in PwC's 17th Annual Global CEO survey are concerned that lack of access to key skills will threaten their company's prospects. That's up 4% from last year.***

To further complicate matters, digital natives and their predecessors have vastly different profiles. Millennials expect ready access to information, 24x7 connectivity and collaboration. They are motivated by team cohesion, supervisor support and appreciation, co-innovation as well as work/life balance. Members of older generations have different expectations—they particularly value autonomy, personal interaction and achievement.

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* PwC, Five megatrends and possible implications, August 2013.

** PwC's NextGen: A global generational study. PwC, 2013.

*** PwC, 17th Annual Global CEO Survey, 2014 — Key findings in the technology industry.

What is the connected employee experience?

The connected employee experience is unique to your brand, business strategy and employee value proposition

The connected employee experience arises from the interactions that occur within an ecosystem of internal and external employee relationships. It is the sum of rational actions, evoked perceptions and emotions enabled by a technology infrastructure and a cultural mindset that nurtures each employee's effectiveness. In this experience, diversity and shared leadership are recognized as increasing innovation and organizational agility.

Top-down organizational structures and management used to be the norm for interacting with employees. Today, employees can connect to your business through a network of people and interactions using a variety of technologies—across, adjacent and within your enterprise. This shift both improves their productivity and transforms their interactions with customers. By designing a connected

employee experience tailored to your organizational needs, you can harness the power of your talent's connections, boost motivation and engagement, increase retention, and achieve common business goals.

Connected Experience Dimensions

The connected experience is based on your employee value proposition's alignment to your company's business and talent strategy. The elements that will really move the needle on employee engagement are unique to each organization. Our experience working with technology firms indicates four major dimensions: leadership, development, recognition and culture.

The dimensions of your company's connected employee experience are unique to your brand, business strategy and employee value proposition. There is no one size fits all.

Figure 1: Employee value propositon
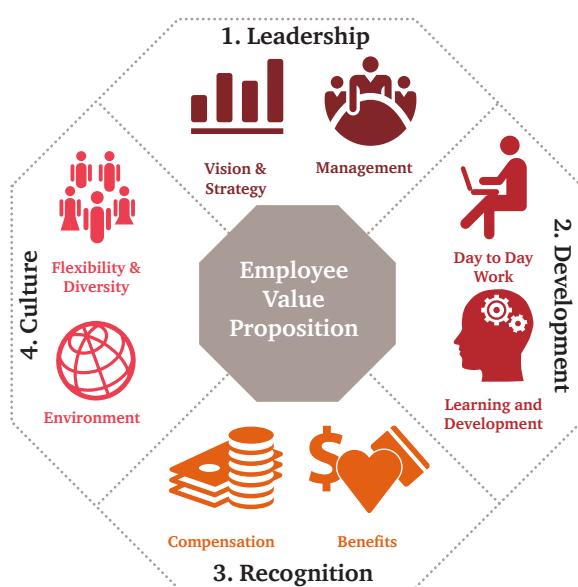
Dimension Descriptions:

Leadership—focused thought and energy that inspire and direct and are cascaded through the organization

Development—Coaching and training that allows employees to continuously learn and grow personally and professionally

Recognition—the hand, heart and mind are recognized and rewarded to motivate employees to do their best work

Culture—The shared assumptions that drive organizational norms for how people interact and get work done

These four dimensions do not exist in isolation, but influence the employee experience through a combination of eight elements.

Unpacking the connected employee experience

Consider each of the four dimensions of the connected employee experience in relation to the value your business offers its workforce. Ask, given our employee value proposition, what should we emphasize to provide the greatest value? How are we leveraging our unique strengths to create a connected experience tailored to our business?

Leadership

Vision and Strategy generate purpose through meaningful work that contributes to larger ideas and goals. Leaders clearly articulate and communicate their organizational vision, regularly refreshing that vision to keep pace with environmental changes. They maintain the integrity of the vision and strategy even when faced with difficult business and personnel decisions.

Management facilitates employee commitment to the job, team and company; indeed, people more often leave their managers than their jobs. Not only must managers have a clear sense of company vision—they must also define and clearly communicate team strategy that supports that vision.

People management is critical: managers must lead, motivate and develop talent while also responding to employee feedback. Managers must also be ready to engage in difficult conversations with senior leaders on behalf of their teams.

Development

Day-to-Day Work is supported by personal and professional development. Engaged employees are passionate about what they do, recognizing their role in the company's success. They understand the importance of the "not so sexy" work and how it contributes to the vision.

Managers give employees opportunities to explore outside their current environment (e.g., through special projects as well as international and cross-team assignments). Collaboration on innovative solutions to business problems is encouraged and celebrated.

Learning & Development fosters personal and professional growth through an open learning environment and a diversity of learning opportunities and formats. There are mechanisms in place to help employees identify competency gaps—and support is available (e.g., tuition reimbursement, mentors, coaches) to fill those gaps.

Employees feel that they are well trained and prepared for the work that they currently do, and they understand their career path options within the organization. To prepare for their journey, employees constantly learn and develop new skills.

Recognition

Benefits are designed with a holistic approach to well-being. Examples include flexible hours (e.g., reduced off-peak hours), health and wellness programs, healthy living incentives, employee transportation and value for the family. Company-sponsored events are designed to fit generational values.

Compensation includes a variety of rewards and incentives. Pay for performance is the underlying principle for compensation, but some of the greatest contributions to employee communities come from those seeking status or intellectual reward. Social tools offer the ability to add rankings or kudos with a simple click within an online community. A mixture of options is available to appeal to different needs. For example: individual and team rewards; short- and long-term incentives; and financial and non-financial incentives.

Culture

Environment. It's important to understand the role of workspace and how you can leverage it to enhance your company's culture and create physical and virtual spaces where workers want to be. The work environment needs to provide places for team interaction as well as quiet reflection. It's aesthetics should reflect your brand and your corporate values.

Today's 24/7 social media tools can greatly expand an employee's capacity to engage and transact with people and information — anywhere, anytime, on multiple devices, and across organizational lines. As a result, it's possible for employees to more easily learn about and "own" brand value and customer offerings. Employees at every level can be heard and acknowledged through dialogue and collaboration up and down and across traditional organizational reporting structures.

Flexibility & Diversity reflects an organization's capability to adapt to changing employee needs; variations in perspectives and backgrounds are valued, and differences among individuals are celebrated. Companies are creative in developing work arrangements for the right reasons (e.g., video conference calls, telecommuting, compressed work schedules, or nontraditional work hours) and a culture that encourages employees to bring their authentic selves to work in a professional manner.

Other clues: Diversity and personal interest circles are active in the company. Teams embrace individuals with divergent perspectives. The organization reflects the demographics of its customers. Management values innovative ideas even though they disrupt the status quo.

Create a common vision — take your employee experience pulse

As you decide where to focus, identify the best opportunities within the four dimensions to increase employee engagement. Ask questions such as these:

- How can we use technology and collaboration methodology to engage employees most effectively?
- What are the drags on their productivity?
- What do we need to do to support our employee value proposition and long-term talent strategy?

Involve everyone, from the CEO down, in defining the "connected" states for the four dimensions—and then in moving beyond the traditional tactics that have failed to build engagement in the past. The trick is to execute your plan in such a way that the varied pieces connect to form a holistic execution that avoids inconsistency or competing elements.[6]

"We all need a pat on our backs. Appreciation and recognition are important aspects of our professional lives. Appreciation is the spark that keeps the fire in me alive."

— Millennial Jammer[7]

Here are two examples of what tech companies may uncover when they take their employee experience pulse. These examples show how the different dimensions of the experience work together. Further, they show how tech companies can intentionally create connected experiences that increase their competitiveness as an employer.

Performance management, development and recognition

Traditional: The company ranks employees during annual reviews that focus on past performance and recognizes employees through monetary rewards based on those rankings. Employees are reliant on their managerial chain for professional and personal development, taking classes from the prescribed curricula as required. They work primarily within the silos of their departments, and they follow career paths directed by their immediate supervisors.

Goals are set for individual employees at the departmental level, and these goals are aligned with those of their manager. There is no system in place to ensure that the collective output from all the employees in different departments meets the collective needs of the business. Many workers are unable to see how their job duties directly or indirectly contribute to adding business value. Individual employee goals conflict with each other, often drawing on the same scarce resources.

Connected: Annual performance reviews are abolished, or their role changed. Instead, the company has implemented a system of real time coaching and mentoring. Managers are themselves coached on how to sustain the new model regardless of the heavy demands on their time. With regular messaging from the top, the new model has been embraced. The tempo of recognition has also picked up, with an emphasis on innovation and agility.

Employees have opportunities to talk with people from the top to the bottom of the company; as a result, they better understand the metrics on which business performance is measured. The customer's needs—made visible through online forums and more sophisticated data analytics—more directly drive employee productivity. Employees from different departments around the world are able to coordinate their contributions and innovate together to meet customer needs.

Employees learn about opportunities in other parts of the business and expand their professional acumen. And how they contribute is not limited by the silo in which they sit—for example, a hardware salesperson in Massachusetts may provide a tip in a global consumer forum which helps to close a sale in Australia.

Careers paths are defined to suit the needs of different generations and emerging business models. Leaders and managers talk openly about the value provided to the company by employees forging paths that increase both their performance and their job satisfaction.

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6 PwC, The keys to employee engagement, October 2013.

7 PwC, *NextGen: A global generational study*, 2013.

Corporate responsibility and personal values

Traditional: Corporate responsibility is limited to annual fund raising organized and controlled by the values of the headquarters corporate responsibility function. Employees feel limited connection from the causes to which the company contributes. In fact, few are even aware of the causes to which the company contributes.

Connected: Employees are motivated by and feel personally connected to the company's corporate responsibility program. And no wonder—they have had a hand in determining which programs are supported. Donations are given higher visibility in the company, and employees are encouraged to donate time as well as funds to local nonprofits and those that have personal meaning to them.

Shared value for things like environmental sustainability are considered as part of doing business. Sustainable practices are encouraged as a means to innovation ranging from social entrepreneurship to operating decisions to corporate fundraising and volunteerism.

Employee achievements as volunteers, both individually and in teams, are celebrated through the company and are tied directly to the company's goals and vision. Metrics with nonmonetary rewards are established, such as giving employees recognition, for every 1000 conversations with customers and, at the same time, donating $1000 to a world hunger bank.

Rethink talent acquisition

Technology companies need to take full advantage of networks in finding talent. They can create events, such as hackathons and contests, to not only generate ideas but also to identify the generators of those ideas. And they need to make it easy for employees to spread the word outside the company.

One large technology firm, for example, recently shared its search for a new VP with its employees. All the employees had to do was to click a button in the message to send a prescribed tweet to their Twitter network. Clicking a second button sent a prewritten notice of the job opening to all of the employee's LinkedIn connections.

Searches to fill new roles such as social data analysts and community managers should focus on the business impact with interview questions such as:

- How have you mined data to determine different drivers of customer satisfaction, and how was your analysis used to help the business to drive change?

- What strategies did you use to measure the effectiveness of those changes?

- What key performance indicators (KPIs) have you used to demonstrate meaningful business impact through online social activity?

- How do you measure brand reach digitally?

- What strategies have you employed to engage your followers? (a 500-strong community is a better indicator of top talent in social marketing than 10,000 individuals incented in some way to follow the candidate).

Making it agile makes it sustainable

Design the connected experience with the pace of global change in mind. Consider the megatrends driving the industry and build in mechanisms to periodically renew your connected employee experience. Companies that build a connected experience tied to their employee value proposition enjoy a range of benefits. Bottom line, the level of employee engagement serves as a barometer for the health of the company as a whole.[8]

Figure 2: Benefits of the connected employee experience

Employee greater job satisfaction and engagement

Greater agility

Employer innovation at speed

Increased productivity

To get started:

1. Align your business strategy with your talent strategy and create your unique employee value proposition.

2. Evaluate the current state of employee engagement. Prioritize the dimensions of the connected experience that will create the most value and can become part of the organization's core identity.

3. Design and implement the prioritized connected experience initiatives.

4. Measure the impact of the elements of the connected experience initiative to determine its impact on employee engagement, talent and business objectives.

5. Review your connected employee experience as part of the periodic review of business and talent strategies.

8   PwC, The keys to employee engagement, October 2013

Winning the war for talent

Given global and industry trends, there are no signs that the war for talent will abate any time soon. In light of the intense demand for talent, employee engagement is more important than ever before. Absenteeism and turnover are lower when employees feel a sense of belonging and community. Innovation rises and execution rates double. Performance-related business outcomes jump by 240%.[9]

Your unique connected experience is key to (re) thinking talent in the tech industry—where employee expectations are high and evolving as generations mature and millennials are becoming the dominant demographic of the workforce. To win the war for talent, you need a connected employee experience that is both agile and sustainable.

What rethinking talent means for your business

To adapt to the forces outlined here, HR functions in technology firms need to:

- **Take the long view.** 61% of executives say they are unable to forecast labor costs three years from now.* And 26% haven't evaluated their workforce mix in the past two years.* To bring new value propositions to market and/or protect market share, companies need to balance short-term capacity planning with strategic workforce planning.

- **Work with the business.** HR Business Partners are the face of HR to the business. They need to continue to drive HR transactions for the business—while at the same time broadening their skills and competencies, taking a more consultative approach.

- **Ask the right questions prior to hire.** Focus more on business impact, and less on technical statistics that would be of little interest to business leaders.

- **Create a connected experience for employees—just as you do for consumers.** The connected experience is not only about tools and technology. Map out the journey each employee takes from hire to separation, the impact the connected experience has on business, and how the suite of technologies your organization has chosen will contribute.

- **Create the conditions that enable everyone (e.g., from different work experiences, cultures, and generations) to advance up the connectedness curve.** Traditional thinking is often the biggest hurdle companies face. Tailor the experience to the different needs of each generation for recognition and reward.

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*   PwC Saratoga 2013 US Human Capital Effectiveness Report

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9   PwC, 16th Annual Global CEO Survey, 2013; Gallup, State of the American Workforce, 2013.

PwC can help

Creating a connected employee experience and (re) thinking talent can drive business value. Is your company prepared? For a deeper discussion on the connected employee experience, please contact one of our leaders:

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Let's talk

Please reach out to any of our technology leaders to discuss this or other challenges. We're here to help.

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