

Deloitte MCS

Mass Career Customisation

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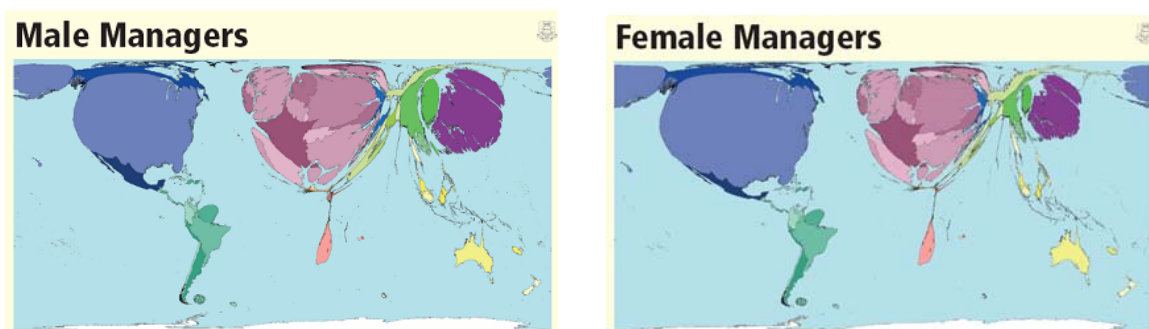
1 Talent – the world’s most sought after commodity

Since 2007, the gap between demand and supply has been widening with global demand now out stripping supply. The Corporate Leadership Council¹ predict that the effect of this supply and demand imbalance will be so pronounced by the year 2012 that the market will firmly favour the Employee with an abundance of jobs available but a significant deficiency in the number of people able to fill these vacancies:

The impact of this transition from the Employer’s to Employee’s market will manifest itself in organisations in a number of ways, but perhaps most significantly in:

- 1) The failure of traditional operating models and succession management strategies to deliver the business success of previous years
- 2) The change of executive attention from long-term to short-term needs in order to address the dwindling supply of talent
- 3) Talent shortages for the next 20 years

Such statements may be difficult to believe in the context of new data which estimate that the world population reached 6 billion in Spring 2000² and is set to reach 9.07 billion by 2050³, with the fastest growing populations to be found in developing countries. The imminent challenges for organisations to source their talent pools effectively become apparent when analysing the geographical location of skills that are desirable in the global job market. The two maps below represent the location of male and female managers globally (the larger a country appears on the map the larger the presence of individuals with such managerial skills).



The maps⁴ show that the most male and female managers live in North America or Western Europe, or more specifically, these regions are home to more than 73% of male managers. Such a statistic is troubling when we consider that the regions of the world that will experience huge

¹ Corporate Leadership Council 2006

² www.worldmapper.org Copyright 2006 SASI Group (University of Sheffield) and Mark Newman (University of Michigan)

³ www.worldmapper.org Copyright 2006 SASI Group (University of Sheffield) and Mark Newman (University of Michigan)

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population growth, and therefore potential increase in raw talent, will lack the skills and expertise to manage and develop this untapped resource.

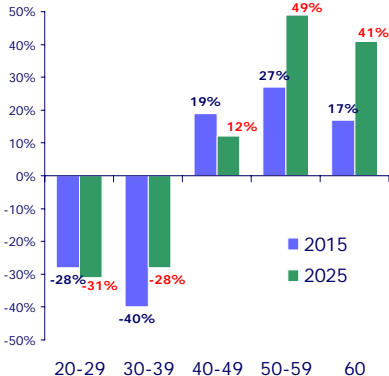
2 The Talent Crisis in Spain

The talent crisis described previously is as much a current issue for Spain as for any other country struggling to source talent for highly skilled employment. More specifically, however, Spain faces three key challenges that will lead to labour shortages in the areas where it is needed most:

- 1) Even taking in to consideration the impact of immigration, the Spanish population is getting older

As evidenced below, by the year 2025 the over-60s will have increased by 41% and the 20-29s will have decreased 31% relative to the population demographics in 2005⁵.

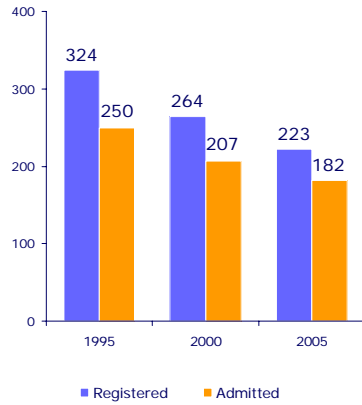
Population of Spain – variance from 2005



⁵ INE (Institute of National Statistics) – Variance from 2005 demographics

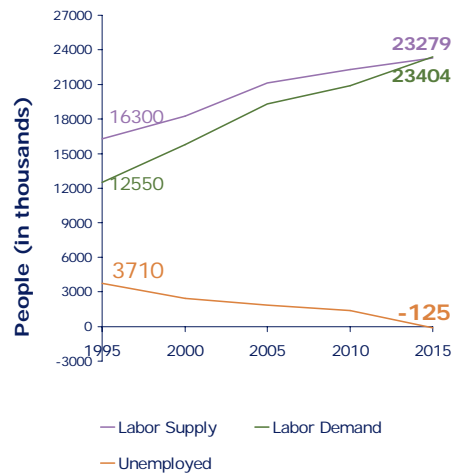
2) The number of students entering university in all fields is falling. With fewer students entering university to train and develop themselves in the skills that are in demand, the skills gap will continue to widen in Spain⁶

Students registered and admitted in University entrance exams (1995-2005)



3) Labour demand is projected to overtake labour supply in 2015 and much earlier for qualified profiles⁷

Labour supply and demand (1995-2015)



⁶ Ministerio de Educación y Ciencia

⁷ Peplematters

3 Work-life balance

The words “conciliación” and “igualdad” are frequently used these days in Spain; however, women's representation at the top of organisations in Spain is at the bottom of the OCDE rankings, despite the participation of women in the workforce growing in the last 30 years. More positively, in the last 10 years there has been a profound change in the priorities of the Spanish workforce not only driven by the increased participation of women but also due to the values of new generations. The problem, however, is how to leverage this increased participation and how to promote this new talent within organisations.

The search for work-life balance in Spain faces some of the same challenges many other countries are experiencing. For example, the attitude of “this is not the way we work” is a commonly cited barrier to change: Organisations are not culturally prepared to accept alternative career models, flexible work-arrangements, or telecommuting, all initiatives that are designed to enable a less rigid way of working. Similarly, the phrase “work-life balance is for women” also rings true in many organisations. Very often, when such programmes exist, they are normally designed and used by women, although the demand comes as much from women as from men particularly in the new generations joining the workforce. Finally, the fear of “we cannot support this” puts a similar dampening effect on work-life balance programmes, as well as technology limitations, companies that are too small, and a general lack of readiness of many HR organisations.

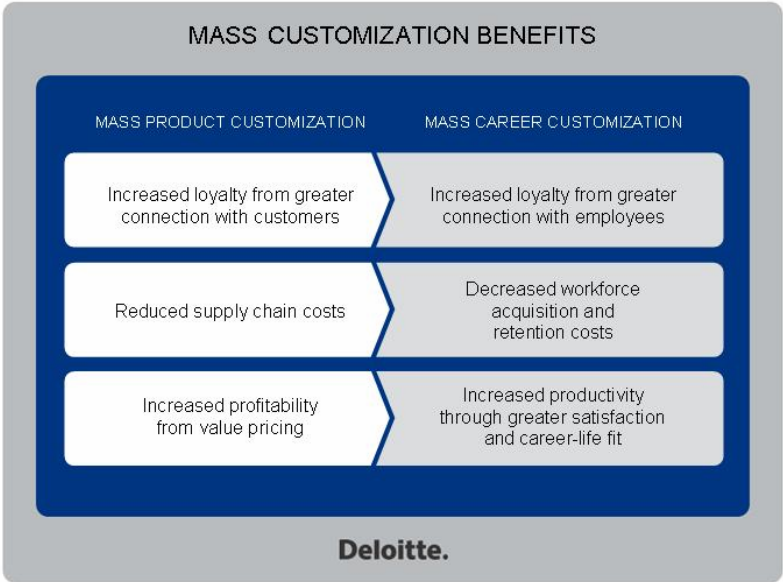
As well as globally shared challenges, however, Spain is home to a deeply ingrained culture that gives rise to its own share of unique talent issues. Many organisations still have schedules that run from 9-2 and from 4-7 which lengthen the work day. This compounded with traditionally poor time management practices, has a serious impact on work-life balance. Spain works longer hours than most of Europe, fostering a “presenteeism” culture and yet productivity lags behind. Spanish companies also have traditionally been used to cherry picking from the labour market, with a system that produced more educated professionals than the economy could absorb. However, this is no longer true as companies need to move from selecting to truly recruiting candidates and providing a total rewards package with an attractive work-life balance offering. Clearly, the debate over work-life balance today is at the forefront of the economic, political, and social agenda. However success will require significant change at all levels.

4 Mass Career Customisation

It becomes apparent that a number of converging key trends are dramatically changing the global talent marketplace. The shrinking pool of skilled labour, changing family structures, the increasing number of women in the workforce, and the emerging expectations of Generation X and Generation Y individuals are a few of these such trends that point to the fact that the global talent market will be dealing with a different workforce in 2007 and beyond. The critical issue is that although the workforce may be changing, the workplace has not. This observation calls for organisations to change the way that they think about careers in order to compete. To date, flexible work arrangements, for example, flextime, job sharing, and the compressed work week have tried to provide the solution to this. These are not however, the solutions to the shifting model of career progression.

There is no longer one profile of the worker, and organisations should enable people to dial up/dial down to retain people throughout their career. Employees' differing work/life balance schedules should be accommodated whereby the focus becomes performance-based as opposed to time-based. Individuals need lateral variety, with interesting and challenging opportunities for learning and growth beyond traditional vertical progression. Taking such factors in to consideration help to win the hearts and minds of employees and allows them to make a difference beyond their pay check and engage in meaningful ways.

The emerging theme from this is: If it is possible to customize your music, trainers, ring tones, and coffee, why not your career? The benefits of doing so include increased loyalty from staff through greater connection with employees, decreased workforce acquisition and retention costs, and increased productivity through greater satisfaction and career-life fit (see benefits below).



5 Deloitte’s Experience of Mass Career Customisation

The traditional corporate ladder model is now giving way to a corporate *lattice* model. The traditional hierarchy which promotes a singular path upwards, fits a more traditional family structure and assumes that workers’ needs stay constant over time. The emerging corporate lattice model is conducive to an evolving matrix structure, where employees may have multiple paths upwards and move faster, or slower and change direction. Such initiatives allow upward momentum and should be integrated with other talent management systems to ensure maximum potential for success.

Successful implementation of Mass Career Customisation provides employees and managers a scalable, transparent & repeatable context for customizing careers with long term benefits for the individual and the organisation:

Individual	Organisation
<ul style="list-style-type: none"> • Provides option value for life’s “what if’s” <ul style="list-style-type: none"> ○ Much like a financial option, MCC provides an “insurance” value to individuals • Provides psychic benefits <ul style="list-style-type: none"> ○ Firm recognizes me as individual with unique needs • Provides options for dealing with changing needs • Gives greater sense of control and responsibility • Engages employee to a company throughout an entire career 	<ul style="list-style-type: none"> • Sets the market for differentiated employment brand <ul style="list-style-type: none"> ○ Flexible work arrangements are defined for one individual and then become a ‘me too’ arrangement (and don’t work often enough in our culture) ○ Improves attraction, development and retention ○ Responds to workforce needs in a ‘new age’ fashion • Engages employee for life • Provides insight for improved succession planning and performance management • Provides framework for accurate and complete HR planning and forecasting • Supports managers by providing consistency and transparency • Develops strategic advantage

However, in order to understand and realize the full potential of MCC, the organisation must make a long term commitment.

Mass Career Customisation adjusts across four different dimensions:

- Pace – Options relating to the rate of career progression
- Workload – Choices relating to the quantity of work Output
- Location/Schedule – Options for when and where work is performed
- Role – Choices in position and responsibilities

The four dimensions can be adjusted in alignment with an employee's personal and career goals and needs, creating a career sine wave.

6 Implementing Mass Career Customisation: Our Point of View

In order for the implementation of Mass Career Customisation to be truly successful and for an organisation to derive the maximum benefits, it must be fully integrated into the performance management process.

As well as embedding MCC into the performance management process, a number of principles must also be adhered to:

- All employees have an MCC Profile, all the time
- The MCC Profile depicts planned overall contribution to the business
- MCC provides a framework for on-going employee-manager dialog about career-life fit
- The employee's current level of contribution, as depicted in MCC Profile:
 - Shapes annual goals
 - Provides context for performance evaluation
 - Informs deployment decisions

Implementation is best achieved with a four phase approach:

The **first phase** involves tailoring MCC to the specific business needs. This requires a business to align its leaders to the concept, validate the “common” MCC profile in relation to the business, develop guidelines for MCC within the organisation and establish a “review and approve” process. In the **second phase** it is strongly recommended that MCC is integrated with the talent processes of the organisation. This includes the performance management process, compensation process, resource management/scheduling process, and the new hire process. The **third phase**, or actual implementation of MCC requires the development of appropriate communications and training, a technology system, rolling out the profiles (e.g. counsellors validate initial profiles with employees), and then maintaining these profiles. The **final stage** involves monitoring and measuring progress by conducting baseline and follow-up surveys, compiling and analysing supplemental measurements and assessing results in order to continually refine the process.

Deloitte used this same approach successfully when piloting MCC from 2005 to 2007, and a phased roll out is currently underway. The pilot allowed us to develop some key insights against our original objectives. Firstly, that implementing MCC had no negative impact on client service and that there was a positive correlation between MCC and retention. More consistent and robust career conversations were cited as well as improved satisfaction, morale and productivity. There proved to be an increased window into those who wanted to accelerate through growth and development (“dial-ups”) and floodgates for reduced schedules (“dial-downs”) did not materialise.

Since the pilot we have developed a number of further implementation insights including:

1. ***Consistency doesn't necessarily mean the same***: framework and process are consistent—career choices are individual and custom.
2. ***It goes both ways***: career acceleration is as important as dialing down.
3. ***Enablement not entitlement***: MCC is a *shared responsibility* between manager and employee.
4. ***Learn a new language***: talk about options, choices, or elasticity, rather than flexibility, to avoid the baggage around that term.
5. ***Time and trust***: it takes time for managers and employees to build the trust required for open conversations about life and work.
6. ***From the start—integrate with talent processes***: integrate MCC with performance management, resource management, career development, etc.
7. ***Success is relative—performance evaluations are calibrated to MCC Profile***: goals reflect MCC Profile and performance evaluation is against goals.