RETAINING EMPLOYEES IN A TIGHT BUDGET ENVIRONMENT

KY CUPA-HR FALL CONFERENCE

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LaCinda Glover
Principal, Louisville

Emily Bickel
Senior Analyst, Louisville
TODAY’S SPEAKERS

LaCinda Glover
Principal
Louisville Career Office Business Leader and Rewards Consultant
lacinda.glover@mercer.com

Emily Bickel
Senior Analyst
Workforce and Executive Rewards Consultant
emily.bickel@mercer.com
TODAY’S TOPICS

1. RETHINKING YOUR APPROACH TO EVP

2. LEVERAGING ANALYTICS FOR INSIGHTS

3. MEETING EMPLOYEES WHERE THEY ARE
RETHINKING YOUR EMPLOYEE VALUE PROPOSITION (EVP)
EMPLOYERS’ #1 CHALLENGE
ATTRACTING AND RETAINING TALENT IN AN INCREASINGLY COMPETITIVE ENVIRONMENT

TIGHTENING LABOR MARKETS

Approaching a 10-year low in unemployment rates

SKILL MISMATCH

Current employees may not meet future needs due to technology disruption changing the skills needed

COMPETITION FOR TALENT

Employers must ensure they are poised to attract and retain the right talent in a new era
Q: How do you expect the competitive landscape for talent to change in the next one to three years?

- a. No increase in the competition for talent
- b. Some increase in the competition for talent
- c. Significant increase in the competition for talent
- d. Variable changes, such as by job, level, or job family

**General Industry**
92% expect an increase (both significantly and some) compared to 69% in higher education

Source: Mercer’s Global Talent Trends Report
PAY AND BENEFITS AREN’T ENOUGH

1 in 3 employees say they are satisfied with their employers, but are still considering leaving.

I am very satisfied with my organization.

My benefits are very good.

I am very satisfied with my job and career.

I am paid fairly.

Source: Mercer’s Global Talent Trends Report
EMPLEEES SAY THEY WANT MORE
DOES YOUR REWARDS STRATEGY ALIGN WITH THE
NEEDS OF YOUR EMPLOYEES?

COMPENSATION IS STILL KING

#1 way to positively impact me at work

HEALTH AND WELLNESS

53% want more focus on health and wellness

STEERING MY CAREER

1 in 3 do not feel empowered in their careers

WORRYING ABOUT MONEY

13 hours per month, per employee spent worrying at work

MAKING WORK “WORK”

56% want more flexible options and 77% would work on a contract basis

Source: Mercer’s Global Talent Trends Report

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CURRENT OFFERINGS ARE FALLING SHORT

Only 2 in 5 employees say their organization has a compelling differentiated value proposition.

Source: Mercer’s Global Talent Trends Report

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WHERE IS YOUR EVP FALLING SHORT?

In what area do you feel that your institution could best further differentiate its value proposition?

a. Compensation
b. Benefits
c. Career and development opportunities
d. Well-being programs
e. Purpose
TAKE A HOLISTIC APPROACH TO TOTAL REWARDS

Define an experience that will make employees want to join, stay and deliver their best work.
SOURCING TALENT TODAY

What is your people strategy today?

a. GOAL
Buy talent

b. GOAL
Build talent

c. GOAL
Attract talent based on mission

CAREERS
WELL-BEING

COMPENSATION
BENEFITS

PURPOSE
How do you plan to increase staff capacity at your institution in the next one to three years (may select more than one)?

- **a.** Build talent with a stronger focus on developing and promoting within
  - **64%**

- **b.** Buy talent by recruiting from external labor pools
  - **23%**

- **c.** Borrow talent by utilizing freelancers, contingent and/or contract workers
  - **2%**

- **d.** Do not plan to increase staff capacity
  - **11%**

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**GENERAL INDUSTRY**

- Build: 88%
- Buy: 56%
- Borrow: 38%

Source: Mercer’s Global Talent Trends Report

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LEVERAGING ANALYTICS FOR EMPLOYEE INSIGHTS
Only 27% of C-suite executives report their HR teams deliver actionable analytics for effective business leader decision making.

Unleash the power of employee data to drive insight without using employees’ time or creating expectations.

DATA CONSOLIDATION | PREDICTIVE ANALYSIS | INSIGHTS... ACTION

Source: Mercer’s Global Talent Trends Report
How are you making decisions?

What information do you rely upon when considering changes to your rewards programs?

a. Benchmarking
b. Leadership perspectives
c. Exit interviews
d. Focus groups or employee surveys
e. Predictive analytics
HR SITS ON A GOLD MINE OF DATA
LEVERAGE THIS DATA TO ITS FULL POTENTIAL

HRIS DEMOGRAPHIC DATA

- Age
- Experience
- Gender
- Race/ethnicity
- Area of residence

REWARDS PROGRAM DATA

- Past pay actions (base / incentives)
- Program participation and eligibility

EMPLOYEE PERCEPTION

- Engagement/conjoint surveys
- Exit interviews
- Social media (e.g., Glassdoor, etc.)

EMPLOYEE SUCCESS

- Retention
- Advancement
- Performance
- Individual and team productivity
Every organization has an ILM—either by design or default

People are selected into the organization and they advance, perform, stay, or leave in response to an organization’s unique mix of workforce management practices

ILM dynamics constantly shape an organization’s workforce

Unlike external labor markets, these dynamics are controllable

Causal, predictive analysis of these dynamics can help organizations shape the workforce to meet business needs

This ILM map is a “system-at-a-glance” summary of key workforce dynamics, and is representative of the ILM concept

A typical ILM map depicts active headcount at each career level and various dynamic forces:

- Entry into each career level (hiring)
- Advancement between levels
- Departures from the organization

Statistical models identify the root-cause drivers of:

- Retention
- Promotion
- Performance
- Diversity and Inclusion
PERSONA SEGMENTATION
CONSIDER THE UNIQUE NEEDS OF KEY GROUPS

Provides **multiple dynamic lenses** to evaluate programs

Builds relevance into all programs to target investments

Provides a foundation for a personalized experience

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Example Personas

<table>
<thead>
<tr>
<th>JUST STARTING</th>
<th>CAREER LAUNCHING</th>
<th>CORE SUPPORT</th>
<th>STRIVERS</th>
<th>FREE AGENTS</th>
<th>LOYAL CREATORS</th>
<th>LEADERS</th>
</tr>
</thead>
</table>

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PERSONAS IN ACTION
EXAMPLE

CHARACTERISTICS
- 35 years old
- 8 years of service
- $105K annual pay
- Suburban, married

KEY “CARE ABOUTS”
- Thinking about the future
- “Being smart about how I do things”
- Connected all the time
- “Help me get ahead”
- Balancing career and life

KEY FINDINGS
- 92% base pay competitiveness
- 15% promoted in past 2 years
- 81% participate in medical plans
- 86% participate in retirement plan and not well diversified
- 26% have dependent children

TARGETED ACTIONS
- Communicate career paths through interactive tools

TOOLS & PROVIDERS
- Provide financial planning tools and resources to help them make smart financial decisions

PLAN DESIGN
- Design flexible work programs to manage work/life
HOW DO EMPLOYEES WANT TO BE ENGAGED?

- **a.** 30% Help me do it
- **b.** 50% Do it for me
- **c.** 20% Leave me to it

Most technology solutions are only built for the 20% “leave me to it” group
MEETING EMPLOYEES WHERE THEY ARE...
LET’S PLAY A GAME
EMLOYEE PREFERENCE GAME OVERVIEW

**EMPLOYER**

- President, CFO, and CHRO making decisions with different interests
- $100,000 in resources to improve employee value proposition
- Invest resources to optimize employee satisfaction

**EMPLOYEE**

- Three “personas” with different interests/needs
  - Just starting
  - Striver
  - Leader
- Opportunity to voice opinion on what elements of the EVP are most important
EMPLOYEE PREFERENCE GAME
PERSONA – EMPLOYER

University
Enrollment: 3,400
Full-Time Faculty: 176
Staff: 350
EMPLOYEE PREFERENCE GAME
PERSONA – JUST STARTING

James Collins
2 years of service
24 years old
$41K base salary

About James:
• James is single and lives in a condo he rents.
• He is always on the go and never far from his mobile device.
• When he’s not traveling (which is rare), you can find him at the gym or Starbucks.
• He worries about student loan debt and wonders when he’ll ever pay it off.
• James likes his job, but is always up for hearing about new opportunities. He has a strong LinkedIn profile and attends numerous networking events locally.
EMPLOYEE PREFERENCE GAME
PERSONA – STRIVER

Jennifer Roberts
8 years of service
35 years old
$105K base salary

About Jenn:
• Jenn is a wife and mother of two young children; her husband is a stay-at-home dad.
• Jenn also has older parents who are relocating so she and her siblings can help care for their ill father.
• She loves her job and colleagues, is often the one to coordinate team events and happy hours, and she spends a lot of time explaining the various company programs to her group.
EMPLOYEE PREFERENCE GAME
PERSONA – LEADER

Steve Jones
25 years of service
56 years old
$297K base salary

About Steve:
• Steve is a husband and father of three college-aged children.
• Steve has been with the organization for most of his working career, working his way up to management, and takes great pride in the organization.
• Steve would like to retire in the next 5-10 years.
• Steve is concerned about succession planning as retirement approaches.
# Employee Preference Game

## Personalized Outcomes/Results

### Just Starting

**Top 3**
1. PTO
2. Student loan repay.
3. Flexible work

**Bottom 3**
1. Office renovation.
2. Health ins. increase
3. 401(k) increase

### Striver

**Top 3**
1. Financial wellness
2. 401(k) increase
3. Flexible work

**Bottom 3**
1. Office renovation.
2. Casual attire
3. Sub. cafeteria

### Leader

**Top 3**
1. 401(k) increase
2. Flexible work
3. Financial wellness

**Bottom 3**
1. Office renovation.
2. Sub. cafeteria
3. Student loan repay.

### Employer

**Top 3**
1. Salary increase
2. Health ins. increase
3. Rotation

**Bottom 3**
1. Casual attire
2. Office renovation
3. Sub. cafeteria
**Higher Education’s Top Talent Management Priorities in 2018**

<table>
<thead>
<tr>
<th>Higher Education</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building a culture of diversity &amp; inclusion</td>
<td>59%</td>
</tr>
<tr>
<td>Improving the onboarding experience</td>
<td>48%</td>
</tr>
<tr>
<td>Developing leaders for succession</td>
<td>47%</td>
</tr>
<tr>
<td>Increasing employee engagement</td>
<td>41%</td>
</tr>
<tr>
<td>Attracting top talent externally</td>
<td>39%</td>
</tr>
<tr>
<td>Optimizing performance management</td>
<td>37%</td>
</tr>
<tr>
<td>Ensuring equitable pay (gender/race/ethnicity, living wage)</td>
<td>36%</td>
</tr>
<tr>
<td>Building skills across the workforce</td>
<td>32%</td>
</tr>
<tr>
<td>Supporting employees’ career growth</td>
<td>27%</td>
</tr>
<tr>
<td>Retaining culturally diverse talent at all levels</td>
<td>24%</td>
</tr>
<tr>
<td>Ensuring rewards competitiveness</td>
<td>20%</td>
</tr>
<tr>
<td>Ensuring employee health &amp; wellbeing</td>
<td>19%</td>
</tr>
<tr>
<td>Redesigning jobs (e.g., roles and responsibilities)</td>
<td>16%</td>
</tr>
<tr>
<td>Moving towards greater pay transparency</td>
<td>14%</td>
</tr>
<tr>
<td>Redesigning the organization (e.g., structure, reporting lines)</td>
<td>14%</td>
</tr>
<tr>
<td>Strategically moving talent internally</td>
<td>12%</td>
</tr>
<tr>
<td>Identifying high potentials</td>
<td>9%</td>
</tr>
<tr>
<td>Increasing flexible work options</td>
<td>9%</td>
</tr>
<tr>
<td>Retaining female talent at all levels</td>
<td>6%</td>
</tr>
<tr>
<td>Attracting and retaining Millennials</td>
<td>3%</td>
</tr>
</tbody>
</table>

**General Industry**

1. Attracting top talent externally
2. Developing leaders for succession
3. Supporting employees’ career growth
4. Increasing employee engagement
5. Building skills across the workforce

Source: Mercer’s Global Talent Trends Report
### Higher Education Has Room for Improvement in Supporting Career Development

<table>
<thead>
<tr>
<th></th>
<th>Higher Education</th>
<th>General Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lateral moves are prevalent in the organization</td>
<td>33%</td>
<td>64%</td>
</tr>
<tr>
<td>Employees are offered or provided a career/development coach or mentor who is not their direct manager</td>
<td>13%</td>
<td>60%</td>
</tr>
<tr>
<td>We have a career center or career counselors for staff</td>
<td>10%</td>
<td>56%</td>
</tr>
<tr>
<td>We are a career portal where employees can access information about possible career paths and rewards</td>
<td>12%</td>
<td>64%</td>
</tr>
<tr>
<td>We consider ourselves transparent with respect to pay information</td>
<td>46%</td>
<td>61%</td>
</tr>
<tr>
<td>Career path information is clearly available to employees</td>
<td>19%</td>
<td>63%</td>
</tr>
</tbody>
</table>

**Percent Selecting Agree or Strongly Agree**
SUMMARY
A HOLISTIC APPROACH THAT PROVIDES VALUE FOR AN INDIVIDUAL

Create staying power through a UNIQUE proposition with purpose
- Provide me with meaningful and fulfilling work that matters
- Make me proud to work for a company that makes a positive impact on society through a compelling mission and vision
- Help me feel like I belong here

Create a DIFFERENTIATED experience
- Support me with my career journey
- Provide me with flexibility to make work “work” for me
- Help me manage my physical, financial & emotional well-being

Provide a COMPETITIVE compensation and benefits offering
- Pay me fairly and competitively
- Reward my contributions
- Provide programs to manage my health & wealth
THE KEYS TO BUILDING AN EFFECTIVE STRATEGY

MULTIPLE PERSPECTIVES

DATA-DRIVEN

TARGETED BY PERSONAS

ENGAGING COMMUNICATION

Employer, employee, market and cost

Program outcomes measured through employee behavior

Multi-dimensional view of employee segmentation

Digital and personalized communication

YOUR UNIQUE TOTAL REWARDS STRATEGY