



The evolution of financial services podcast series: Talent engagement in a digital world

Transcript

Greg: Welcome to The Evolution of Financial Services, a podcast series from Deloitte about just that - the evolution of financial services and how to harness the disruption. Here we'll address how operating environments for insurers, banks, and other financial services firms are undergoing dramatic change - from shifting regulations to new entrants that disrupt traditional service models, and everything in between. Each episode we'll meet with a leader from Deloitte's Consulting practice to discuss these changes in the industry and what your company should do. Today we're talking with Steve Hatfield, Human Capital principal with Deloitte Consulting LLP, about the effects of a multigenerational workforce on the industry. I really appreciate you taking the time to be with us today, Steve.

We're talking about something that I believe many people might think has been over talked and that's the subject of Millennials. It seems like Millennials are in almost every podcast, in almost every conversation, especially as it has to do with the workplace. But we're far from finishing talking about Millennials. Why, for example in your opinion, should financial services institutions care about the effect of Millennials in their workplace?

Steve: Well, I'm glad you ask, Greg. But first it's important to note it's not about Millennials. We actually hear a lot about them, but they're just part of the story. The bigger picture here is that we're seeing a new multi-generational workforce in ways that we haven't in the past. For the first time, three distinct generations of employees are overlapping in the workplace at the same time. Baby boomers are living longer and retiring later, which means that they are working alongside Gen Xers and Millennials, and this is a trend that is probably not going away. So it's important that companies understand the full diversity of their workforce.

But to answer your questions about Millennials, if anything, there's now a new urgency for organizations to try to understand Millennials' needs.

They make up more of the workforce every year. Seventy-five percent of the overall workforce in the U.S. by 2025, and are quickly beginning to occupy positions of leadership within financial services organizations.

Greg: Since they're a huge, if not overwhelming, part of the coming workforce, it seems like it would be very important for those companies employing them to become familiar with what they need. Do you have your arms around that? What do Millennials want and need and is it any one thing or is it just a whole bunch of different things?

Steve: Well, I think there are two main differences in how Millennials view their careers. First, they're not as loyal to their employers as workers have been traditionally. They're focused on kind of learning and having new experiences. So they are likely to work for multiple companies over the course of even 10 years not just one. Second, they view happiness at work differently than Baby boomers or Gen X. Millennials have high expectations of their employer. They expect their organizations to care about its' employees and respect them. They want to feel like they and their colleagues are being treated fairly. They also expect their employer to be more socially minded. They're more mission driven. And that consideration of impact on society. A lot of what's taking place today in sort of the digital world, and-and the new trends around technologies that have exponential impact are galvanizing and attracting Millennials to work outside of a traditional organization for those reasons.

And so they're not as, shall we say, profit driven, and this expectation is mirrored in the generation behind them as well; Generation Z, and they're fast approaching. So, all of this is forcing, I think, organizations to think about their talent in ways that they really haven't had to before.

Greg: You talk a lot about all these different generations. Generation Z, Generation X, Millennials, Baby boomers. Let's start with Generation Z, just, what is that?

Steve: Generation Z are today's teenagers. They're still in school now, but they'll be entering the workforce in short order. So it's smart to consider what their professional patterns are likely to be. We know that they're the most digital savvy generation yet. We expect that their comfort with technology will drive a very different pattern of work environment and career choices than we've seen in the previous generations.

For example, the Millennials that are graduating today are opting not to work in traditional organizations, but rather just spend their time in what we're calling the Gig economy. And you might imagine that Generation Z will follow suit.

Greg: So with all of these generations working together and the younger generations obviously wanting new adventures, it seems like organizations are going to have an even harder time holding on to top talent.

Steve: Exactly. These new generations are looking to learn and develop constantly. They are interested in sort of new experiences, and they want to have an impact. And so they're not likely to want to spend time in a role that they don't feel is giving them sort of the opportunity to grow or that it isn't actually having the outcome or the impact that makes them excited to sort of be spending their time on it. And thus their tendency will be to look for other pastures. Which means that organizations today have to structure themselves in a way where people can sort of gain what they want to gain within the confines of the organization and/or be comfortable with people being flexible in coming and going, sort of boomerangs or spending time on different parts of the organization and/or leaving and coming back and leaving again, coming back in a different guise. I think that what organizations need to do is they have to sort of open the aperture on what is traditional retention and create an environment where people are, shall we say, connected to that organization and doing many, many different things within it.

Greg: And are organizations actually actively looking at this, doing this?

Steve: I think that organization today are grappling with this question in a big way. I'm not seeing much within the financial services' arena that helps me appreciate that they're sort of grappling with this question correctly. I think that there's still very much a traditional "what part of the organization do you work in, what role does that play within sort of typical hierarchical structure." A traditional employment contract where you join, you're sort of on the balance sheet, and you play your role within that structure and maybe you move around some.

As opposed to thinking about the organization as being a vastly more fluid networked, team based environment similar to what you might see in some of the larger tech firms that you hear about so often. And a broader ecosystem of capabilities and skills that you bring to the table in various times that form, create an outcome, produce something as a result, and then disband and move onto something else.

I think that new model is what's emergent and the structures that enable that to exist are still really nascent within many of the financial services clients.

Greg: It sounds, in our conversations, Steve, like Millennials are hungry for interaction, for feedback. Is this something that organizations need to keep in mind and work on?

Steve: Absolutely, and I think that they're looking for kind of instant result, instant impact. How did I perform, how did I do. They want kind of regular coaching and regular feedback almost to the point where for the Generation X and the Baby boomer who never had that really, it feels somewhat exhausting. But in today's world what that sort of indicates is that we need to rethink even the way in which, shall we say, performance management is undertaken. So the typical yearly

performance management cycle with, sort of, a potentially a mid-year and year-end conversation in some ways doesn't suit any longer.

Millennials need to experience, sort of, the feedback that comes on a regular basis, through regular mentorship at the end of a project or mid-project, which means it could be weekly or bi-weekly or monthly depending upon the kinds of things they're working on. And I would argue that changing that structure would also benefit others who are living in that environment so all the generations will appreciate kind of those adjustments. But those are the sorts of things that likely need to shift because the current structure doesn't work anymore.

Greg: Is there a conclusion - a way we can wrap all this information up with a note that would help organizations as they begin the very difficult task of keeping this varied workforce together?

Steve: I would say the workforce is changing quite a bit and companies will come out ahead if they focus hard on engagement and thinking about what are the different ways in which the employee base, the workforce that I want for my organization, what will attract them and engage them to work with me. For some, that could be a series of programs or on virtual work and flexibility and interesting work and global opportunities, for others it could be a really compelling mission statement, a purpose, a reason that "you come work with us, because we're transforming the world. We're having an impact."

But that level of engagement is what I would leave organizations with mostly today. If you solve that question, you'll be miles ahead in terms of both managing the complexity of that ecosystem and bringing to bear all the talent just beyond the actual on balance sheet talent that you need to have in order to succeed.

Greg: I'm Greg Jarret and thanks for listening to The Evolution of Financial Services brought to you by Deloitte Consulting. If you liked this episode, you can subscribe wherever you get your podcasts. And to receive more information on Deloitte's service offerings, visit www.deloitte.com/us/FS-MA-evolution. Until next time.