Rewriting the rules for the digital age
2017 Deloitte Global Human Capital Trends
A Power & Utilities perspective
The workforce is changing in its demographics, diversity, motivations, and goals. At the same time, organizations face a radically shifting context for their employees as a result of digital, analytics, the cloud and a host of new technologies and business capabilities. Although the wheel of progress always turns, today it is spinning at an unprecedented rate. This accelerated pace of change is rewriting the rules for business and HR. The new rules put employees at the center, which has profound implications for HR organizations. As a result, the HR function is undergoing a significant identity change—all while it scrambles to keep up with technological advances. During this transformation, HR leaders have a tremendous opportunity to reorient themselves and to take the lead in developing practices, platforms, and tools that will create and sustain value over time. Even more, they can help people adapt to new models of work and careers, even as they assist the enterprise in defining what these new models should look like.

This executive summary provides a focused perspective on Deloitte’s 2017 Human Capital Trends report specific to the power and utilities sector. Of the 10 trends presented in the full Human Capital Trends report, this piece emphasizes the three trends of utmost importance to power and utilities respondents. Chief among them is a focus on the organization of the future. Performance management and employee experience also emerged as top priorities for the sector. This marks a departure from last year’s findings, which emphasized leadership as the focal point. Why has this shift occurred? The rapid and ongoing infusion of digital technology into the power and utilities value chain demands new skills and capabilities along with new ways of working. A traditional industrial-age organizational structure, which is hierarchical and siloed, simply cannot keep pace. Many HR and other C-level executives within power and utilities organizations today are worried about whether they have the right talent to continuously integrate digital technologies, such as smart meters and other forms of automation, into the electricity grid. They are also concerned about whether they have the right skillsets needed to exploit the volumes of data produced by these technologies, along with the customer-focused orientation required to evolve their offerings and enhance the customer experience.

The following synopsis presents key findings and considerations to help HR organizations get started in addressing these concerns. As with each edition of our annual Human Capital Trends report, this is part of an ongoing discussion in an ever-evolving field. Our goal is to provide you with pointers to better engage employees, gain insight into the organization of the future, and position HR more effectively as a strategic partner to the business. We hope these ideas will help inform and guide your thinking as you explore opportunities to innovate and improve.
Deloitte 2017 Global Human Capital Trends

The future of work: The augmented workforce
- Automation, cognitive computing, and crowds are paradigm-shifting forces reshaping the workforce. Organizations must experiment and implement cognitive tools, focus on retaining people, to use these tools, and rethink the role of people as more and more work becomes automated.
- Jobs and tasks are being redesigned to use more essential human skills and are augmented by technology (augmented intelligence).
- The focus in workforce planning shifts to stay with work and analyzing options across multiple workforces and technologies. Imagining people and technology is a multidisciplinary task.

Diversity and inclusion: The reality gap
- Fairness, equity, and inclusion are now CEO-level issues, but continue to be frustrating and challenging. Training and education are not working well enough. The new rules focus on experiential learning, process change, data-informed transparency, and accountability.
- Diversity and inclusion is a CEO-level priority and considered important throughout all levels of management.
- Companies measure inclusion, diversity, and lack of bias in all recruitment, promotion, pay, and other talent practices.
- Diversity and inclusion goes beyond education to focus on delivering business processes and holding leaders accountable for inclusive behavior.

People analytics: Recalculating the route
- People analytics is viewed as a business analytics lens that works across the business to drive business results.
- The people analytics team operates at a senior level, reports to the CHRO, and serves business leaders across the company.
- People analytics focus on the entire workforce, including employees and contingent labor.

Digital HR: Platforms, people, and work
- HR leaders are being pushed to take on a larger role in helping to drive the organization to be “digital” and not just “digital.” As digital management practices and agile organization design become central to business thinking, HR is focusing on people, work, and platforms.
- HR departments focus on optimizing employee productivity, engagement, teamwork, and career growth.
- HR technology team moves beyond ERP to develop digital capabilities and mobile apps, with a focus on “productivity at work.”
- HR builds an integrated “employee experience platform” using digital apps.

Leadership disrupted: Pushing the boundaries
- In 2015, we termed leadership the “parenial issue” that never seems to go away. This year, we see a radical shift. Today, as never before, organizations do not just need more strong leaders; they need a completely different kind of leader—younger, more agile, and “digital ready.”
- Leaders are assessed early in their careers for agility, creativity, and ability to lead and connect teams.
- Leadership development focuses on culture, context, knowledge-sharing, risk taking, and exposure to others.
- Leader’s lead teams, projects, and networks of teams.

The organization of the future: Arriving now
- As organizations become more digital, they face a growing imperative to redesign themselves to move faster, adapt more quickly, learn rapidly, and embrace dynamic customer demands. Leading organizations are moving past the design phase to actively build this new organization.
- Organized for learning, innovation, and customer impact.
- Structure based on work and projects, with teams focused on products, customers, and outcomes.
- Teams and responsibilities clearly defined, but roles and job titles change regularly.

Careers and learning: Real time, all the time
- As companies build the organization of the future, continuous learning is critical for business success. The new rules call for a learning and development organization that can deliver learning that is always on and always available over a range of mobile platforms.
- Employees decide what to learn based on their needs and individual career goals.
- Corporates and curate development and a useful learning experience.
- Learning content is provided by everyone in the organization and selected by employees as well as HR.

Talent acquisition: Enter the cognitive recruiter
- Recruiting is becoming a digital experience as candidates look for agility, convenience, and mobile contact. Savvy recruiters will embrace next talent acquisition technologies to forge psychological and emotional connections with candidates and constantly strengthen the employment brand.
- Employment brand has a complete strategy, reaching into all possible candidate pools and channels.
- Companies have talent acquisition technology platforms that manage sourcing, video interviewing, interview management, candidate relationship management, and onboarding.

The employee experience: Culture, engagement, and beyond
- Rather than focus narrowly on employee engagement and culture, organizations are developing an integrated focus on the entire employee experience. A new marketplace of pulse feedback tools, nonfinancial benefits.
- Employee experience defined as a holistic view of the at-work, requiring constant feedback, action, and monitoring.
- Compensation, benefits, rewards, and recognition are more significant and financial benefits.
- The employee experience platform is designed, mobile, and includes digital apps, prescriptive solutions based on employee journeys, and ongoing communications that support and inspire employees.

Performance management: Play a winning hand
- Across all industries and geographies, companies are reevaluating every aspect of their performance management programs, from goal setting and evaluation to incentives and rewards. They are aligning these changes to business strategy and the ongoing transformation of work.
- Check-ins conducted quarterly or more frequently, regular goal setting occurs in an open, collaborative process.
- Employees rated on a qualitative scale; performance conversations not forced.
- Process is agile, faster, continuous, and lighter.
Top 3 trends for Power & Utilities

**The organization of the future: Arriving now**

Rapid changes in the very nature of the utilities industry as well as in technology are shaping the organization of the future. These changes influence the type of talent required and how power and utilities organizations compete for the available talent pool. Organizations are being challenged to re-organize themselves around teams and projects to promote speed, agility and adaptability. Success here is critical since the definition of what a utility does is poised to change. Flexibility is also key to meeting the needs of a multi-generational workforce with different desires and values.

- **Develop a more agile career model.** Millennials generally won’t wait to move up the ladder like their parents did. Make talent mobility a core value.
- **Position your company as a technology company with a customer-service orientation.** At its core, every power and utilities company is a technology company, but people don’t think of it that way. Highly sought-after science, technology, engineering and math (STEM) talent may not want to work for a staid, industrial-age behemoth. Microgrids, renewables, smart grid, and energy storage are some of the most innovative, environmentally friendly technologies on the planet. Promote them loud and proud, and focus on the needs of your customers, just like technology companies do.
- **Don’t forget about automation and cognitive computing.** Consider how workers are being displaced by smart meters and other forms of automation. Plan for retiring, retraining and/or re-locating.
- **Design for agility.** Business strategies are expected to shift dramatically over the next ten years. With no clear sense of what might come next, organizational design efforts should focus on agility.

A clear, leading practice has yet to emerge for dealing with the rapid change in the essential nature of the utility industry (i.e., distributed generation, renewable generation, smart grids and pipelines, increased water scarcity, and an approaching retirement cliff). To date, many companies are employing one-off tactics to address pieces of the puzzle.

- **Approximately 74% of power and utilities respondents prioritize building an agile and customer-centric organization.**

**Performance management: Play a winning hand**

The good news is that new models of performance management have taken hold in the power and utilities industry. The bad news is that the HR function and its tools are viewed as lagging far behind other industries. The bottom-line: companies are scrambling to catch up.

- **Embrace design thinking.** Start with employees and what they want and expect. Factor in the desires of an increasingly complex, multi-generational workforce.
- **Design for the future, not the present.** Develop new performance management processes and systems around the employee experience and organization of the future. This includes new performance management models and rewards systems developed for emerging employee groups, such as cyber security personnel, energy traders, etc.
- **Consider the impact of analytics, robotics, and artificial intelligence.** Explore the trend line for digital HR to see what’s next.
- **Address capability gaps within the HR organization.** Acquire experience in design-thinking and digital technologies. Seek guidance in these and other areas that aren’t traditionally native to HR.

Performance management systems and processes have not changed much over the years, and in our experience, power and utilities organizations have not traditionally promoted regular discussions on development and performance. Leading companies are updating and realigning their rewards systems and performance management processes so they can compete more effectively for employees in fields such as energy trading and cyber security, which require in-demand math, science and technology aptitudes.

- **Only 11% of power and utilities respondents believe their current performance management system is excellent. More than half, 51%, say they are already moving toward a new performance management system.**
The employee experience: Culture, engagement, and beyond

Jobs in power and utilities range from back-office and customer-facing functions to critical operational and maintenance roles (e.g., engineers and linemen), to cyber security and energy trading functions. Training and engaging these many types of employees is a challenge due to their diverse backgrounds and different desires. Generational differences complicate the picture since highly experienced workers in narrow functions may be resistant to new ideas.

- **Shift your lens from external to internal.** Use interviews and ongoing conversations to learn about the issues your employees face. Explore technologies and processes to make their lives easier—considering every interaction they have with HR from the time they first seek employment at the utility, on through to retirement. Ultimately, employees should be able to interact with HR as easily as they interact with leading on-line retailers.

- **Articulate the desired employee experience.** Make sure it speaks to all types of employees. Include work-life balance, incentives and career advancement options. Stay forward-looking: what will employees of the future need? What types of digital HR capabilities will they expect?

- **Measure more often.** Move beyond yearly engagement surveys to regular pulse surveys and open feedback systems.

With a fast-approaching retirement cliff and stiff competition for employees in many areas ranging from field operations to cyber security, the employee experience is critical to help attract and retain employees for operational continuity. Younger workers who grew up with mobile phones have little patience for outdated time and attendance platforms and other frequently used back-office systems. In our experience, new hires sometimes point to lack of mobile capabilities and a lagging technology environment as reasons for leaving. In developing business cases for replacing back-office systems, many companies are finding acceptable cost/benefit ratios through lower payroll costs, high employee retention and better compliance with new regulations.

- **Sixty-eight percent of power and utilities organizations measure employee engagement once a year, but 6% never do it.**

In closing, the aforementioned summary provides insight into the top human capital trends presently influencing the power and utilities industry. Collectively, they suggest that now, perhaps more than ever, HR executives are being called upon to stay on top of their people strategies and continuously align them with business goals and objectives. Advanced technology, in the form of digital platforms, cloud solutions, and robotic process automation, among others, will likely be key to building and shaping the organization of the future, which increasingly should be flexible, agile and aligned. This involves bringing together processes, technologies and the human aspects of the business. It should also involve having a customer-centric orientation in areas such as talent acquisition, performance management, and employee experience. To be able to achieve such a transformation, it is likely that HR executives will first need to gain greater mindshare for their concepts among business leaders, since attention and resources can be challenging to secure amid the many competing demands facing power and utilities companies today.