

Human Capital: Its Impact on Performance and the Challenges of the Next Ten Years

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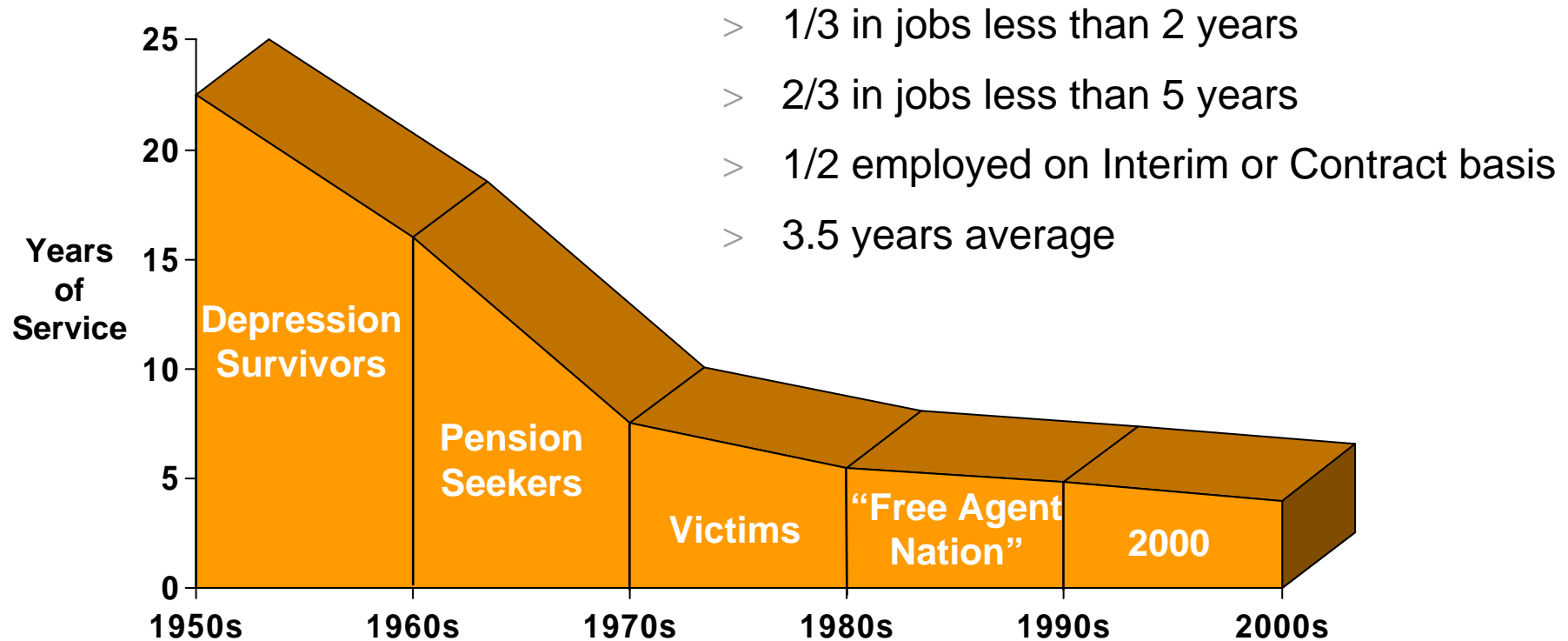
Overview

- > What has changed in the world of human capital
- > Workforce trends
- > The implications for organisations
- > How you can position your company for success



*What has
changed in
human
capital?*

Declining Employee Tenure



They're on the move ... there's fewer of them ... and loyalty is out!

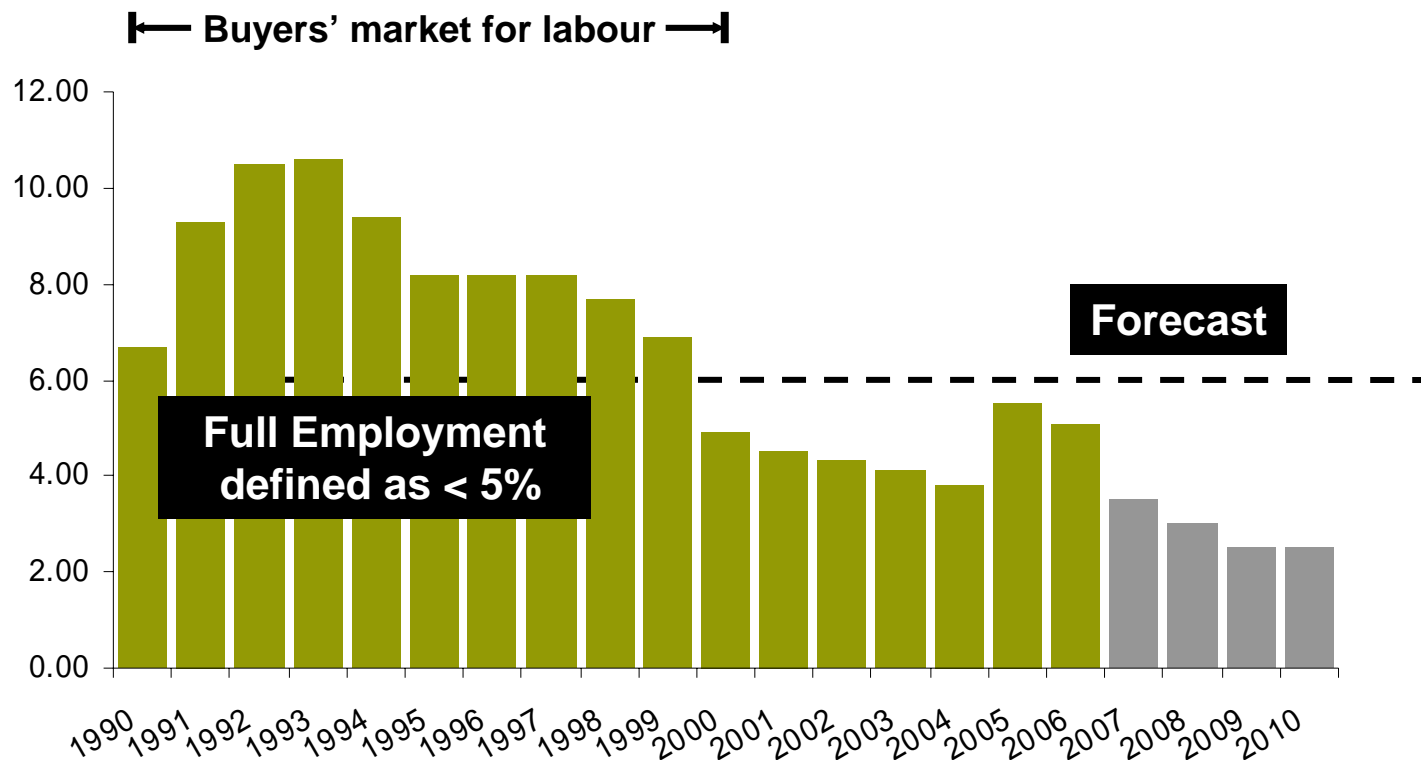
Source: US Department of Labor (BLS) Employee Tenure Surveys, 1995-2000

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Unemployment is Falling

There's fewer people looking for work. So we have to work harder to attract and keep key people



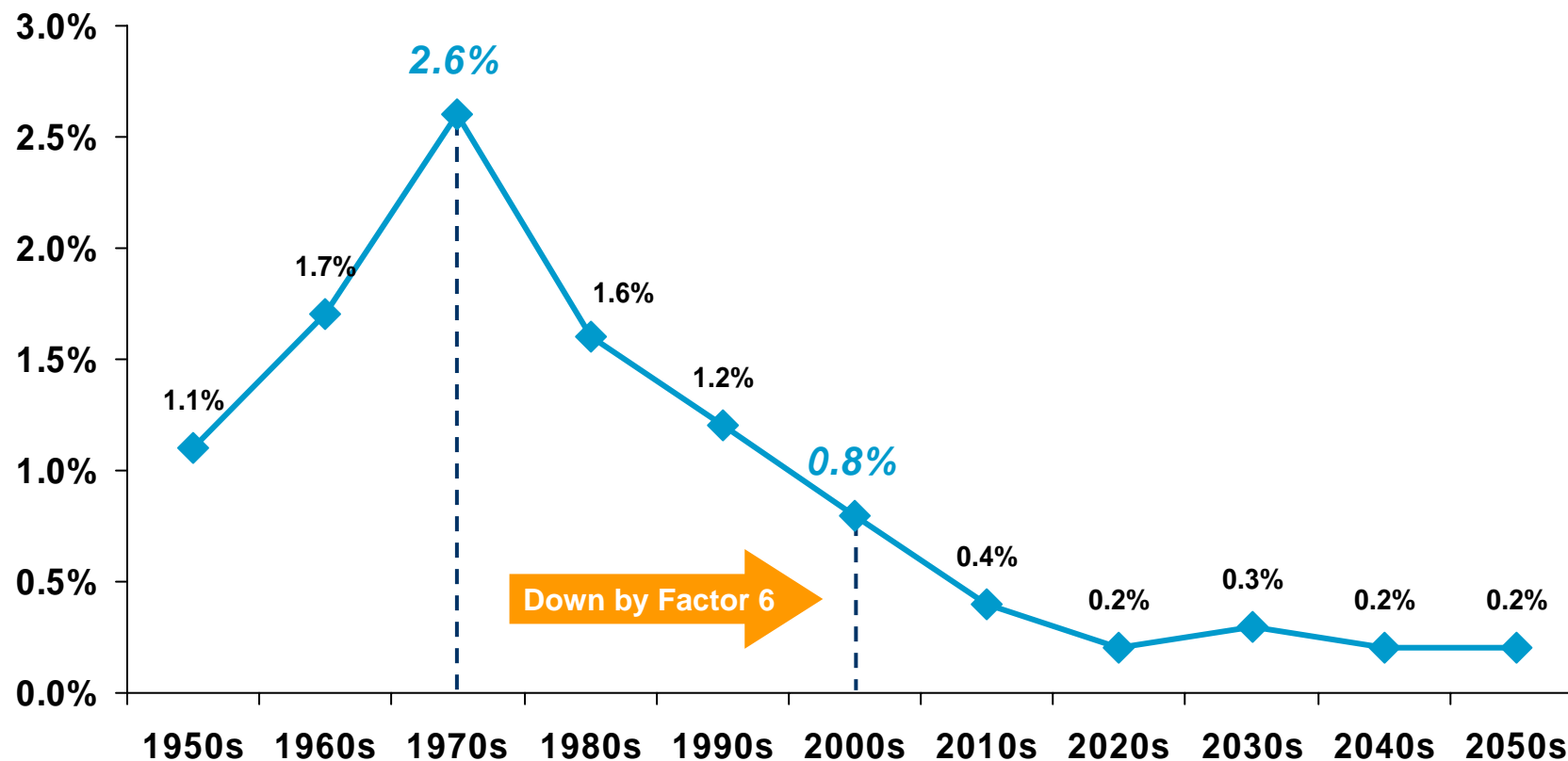
Source: ABS

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Labour-force Growth will Slow to a Crawl

Compound Annual Labour Force Growth, Per Decade



◆ G8 Labour Force Growth (Demographic = 16-65)

Data: Watson Wyatt Worldwide

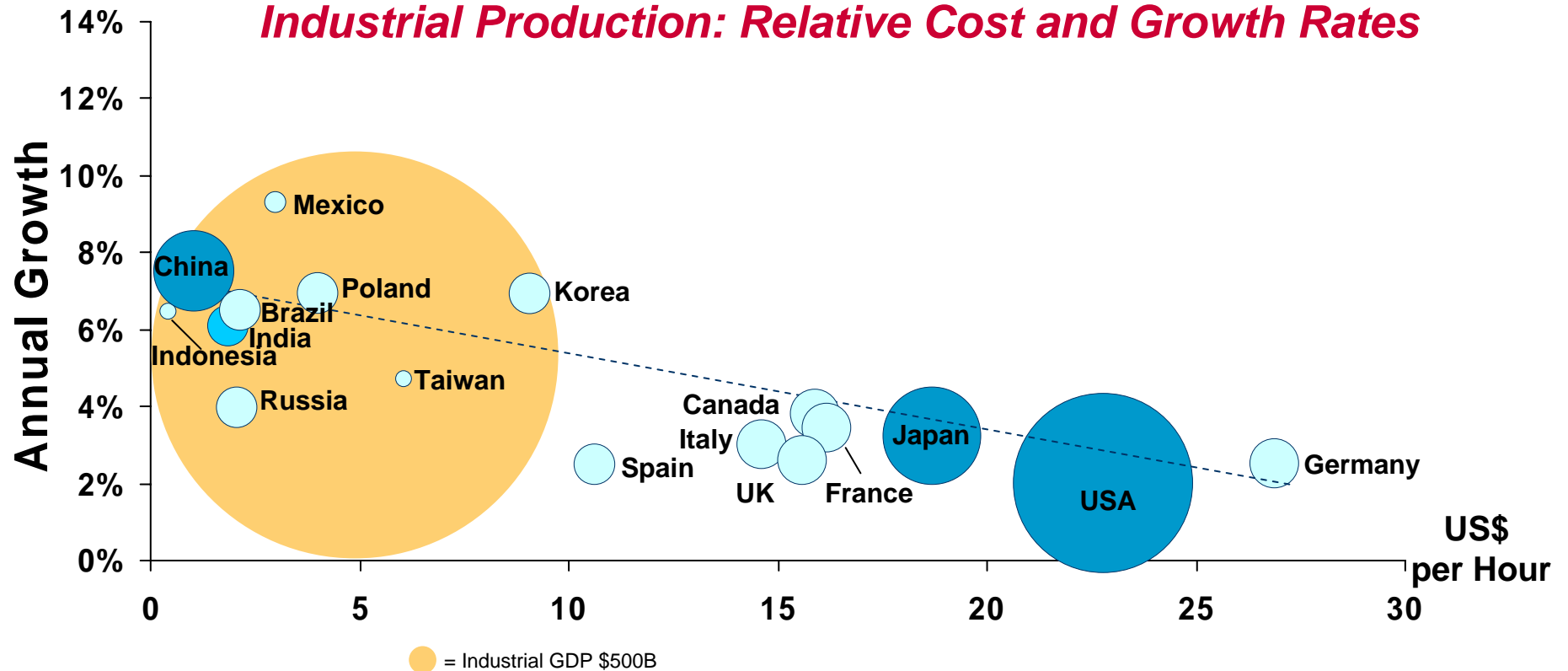
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Globalisation and Technology means...



Industrial Production: Relative Cost and Growth Rates



Source: S&P, DRI, EIU, IMD, BCG analysis

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Technology has a profound effect on the way that people get jobs



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Managing HR Processes

- > Web self service (employee kiosk)
- > eLearning
- > Online performance management
- > Careers websites



*Workforce
Trends*

Have You Felt A Change in the Candidate Market?

Yes

82%

No

18%

Source: Talent2 Market Survey, July/August 2007

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Perceived Changes in the Employment Market

- > Fewer quality, skilled candidates available/applying for roles
- > Increased salary pressure
- > Poaching/headhunting key talent more prevalent – offering more money, or better working conditions
- > Desire for more training/development/mentoring
- > Hard to find ‘good’ and ‘right’ candidates for the ‘right’ jobs
- > Environment is more important

Source: Talent2 Market Survey, July/August 2007

Challenges for Mutual Societies and Credit Unions

- > Growth and promotion of other sectors/professions to school age
- > Overseas opportunities
- > Economic growth of China, India and South East Asia
- > Regional operations – limited travel options
- > Heavy focus on regulation and compliance at odds with Gen X/Y desire for flexibility
- > Ageing workforce and management
- > All workforce challenges faced by other industries

What Does This All Mean?

- > There are fewer people entering the workforce
 - ... so the pool of talent is reduced
- > There are fewer people looking for work
 - ... so we have to work harder to attract and keep key people
- > We move jobs faster than ever
 - ... so we need to consider creating diversity and exciting projects for people
- > There is increased demand for talent worldwide in the Financial Services Sector
 - ... so we need to consider mapping out worldwide talent and bring the people to work or review policies to move the work to people



*Three
Generations
in the
Workforce*

Baby Boomers: 1946 – 1961



Flower Power, Prolonged Good Times



Currently

- > 44-60 years old
- > Idealistic
- > Highly social
- > Largely traditional views of corporate loyalty
- > IT a learned language, for some

By 2020

- > Over 60 years old
- > Phasing down work commitment, but not retiring in the traditional sense
- > Potentially continuing to dominate executive and board ranks

Generation X: 1961 – 1981



The 'Glorious' 80s



Currently

- > 24-44 years old
- > Transactionally motivated
- > Expect to change jobs for career advancement
- > Naturally collegiate
- > Early adopters and IT literate

By 2020

- > Over 39-59 years old
- > Moving into senior management ranks
- > Inclusive management styles
- > Challenged in managing multi-generational workforce

Generation Y: 1981 – 1997



The Dot Com Era



Currently

- > Under 24 years old
- > Entrepreneurial aspirations
- > Expect success
- > Strong social conscience
- > IT fluent and native speakers

By 2020

- > 23-39 years old
- > Entrepreneurial focus
- > Self managed careers and lifestyles
- > Some 'let down' as working life fails to meet high expectations

Future Predictions

Three of the top 10 workforce trends that will reshape the world for the next 5, 10 and 20 years

1. A global war for talent will be the top driver of competitive advantage, pitting nations, individuals and companies against one another as talent grows scarce
2. The future workforce will not be defined by geography, but by talent
3. Workforce crises that arise in the near future will be traceable to the lack of skilled workers

Source: *The Extreme Future*, Dr James Canton, September 2006

*What can
you do?*

Leadership Action

Get your HR leaders focused on the areas of greatest impact and competitive advantage

- > Leadership development
- > Employee engagement
- > Strategic workforce planning for your future needs
- > Talent sourcing strategies
- > Organisation development

It's about getting the right people in the right jobs!

*Doing What
You Did
Yesterday
Won't Work*

Diversity

Making diversity really work for your company:

- > Age
- > Race and ethnic diversity
- > Flexible work arrangements

Why Would I Work For You?

- > Consider the position and its uniqueness
- > A layered approach is most effective
- > Don't take a 'one size fits all approach'
- > Consider: advertising; utilising social networks; internal referral schemes; alumni's; your brand; your website; various job sites (SEEK, etc); general news sites; talent mapping, and partnering with recruitment firms
- > Consider targeted search for hard to find talent

Employer Branding Becomes Crucial

Home brewed, employed internationally.

For graduate opportunities in

- Chemical & Mechanical Engineering
- Supply Chain/Logistics
- Science

visit careers.fosters.com.au
enter reference number 165837



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There is No Magic Solution to Retention



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The Core Elements of Success

You don't have to be great at all of the components of HR, but you need to be better than average in attraction and learning

Attraction

Hiring the right people, who match where your business is going

Learning

Getting people up to speed and equipping them to do their jobs quickly (time to productivity) and improve their skills as your business needs change

Outsource Your Tactical HR Functions

Gain cost and process efficiencies by outsourcing to best in class service providers for:

- > HR Information Systems (HRIS)
- > Payroll, leave and benefits administration
- > Recruitment process
- > Learning administration
- > Exit interviews
- > Outplacement
- > Other “back of house” talent management functions

Multiple Stream Customers

	Telstra	Unisys	Merrill Lynch	Myer
Executive Recruitment	✓		✓	✓
Recruitment Process Outsourcing (RPO)	✓	✓	✓	
Payroll Process Outsourcing			✓	✓
eLearn and Training	✓			✓
HR Consulting	✓			
Multi-country		✓	✓	

60% of Fortune 500 firms outsource at least 1 HR function

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Measure the Things That Matter

- > Turnover
- > Employee engagement
- > Exit interview feedback
- > Absenteeism

Always ask “WHY?”

Talent2 Today

- > 900+ staff
- > Annual revenue over \$200m
- > In excess of 4,000 clients
- > 32 offices in 16 countries
- > Range of HR services to help companies to:
 - Acquire
 - Manage
 - Optimise



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