Gartner Business Quarterly

Proven Guidance for C-Suite Action

- Employees Will Leave; Their Knowledge Doesn't Have To
- Steps to Work Through Staff Shortages
- To Solve the Recruiting Crisis, Make Hiring a Team Sport
- 4 Hard Questions to Ask About Your Company's Fairness Strategy

Lessons from the BIG QUIT

First Quarter 2022

Gartner Business Quarterly
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Lessons from the Big Quit

Letter From the Editor

The Beatles: Get Back covers three weeks back in 1969, but the documentary's release late last year seemed like perfect timing. A central plot twist in the film is George Harrison's calm announcement:" I'm leaving the band now."[1] Since last spring, millions of workers around the world have made the same decision and delivered their farewells – as George told John, Paul and Ringo: "See you 'round the clubs." Employees are departing for a variety of reasons: to sit on the sidelines of the labor market, to earn more money elsewhere, to switch fields altogether.[2]

You can't rely on wishful thinking that this trend will fade away in 2022. The war for talent is broader and fiercer than before the pandemic, and every enterprise still needs people. To grow — and to keep operating – you'll need solutions for right now, for the medium term and for the future.

You'll get help in this issue of *Gartner Business Quarterly.* We'll explain how to handle your immediate pain – how to get work done while short-staffed, recruit faster and better, protect institutional knowledge and stave off competitors dangling more money at your workforce. To bolster retention, we'll show you how to meet the priorities of employee segments on the front line and in the corporate center. Yes, you can give factory workers flexibility and expand the talent pool. And you might be surprised to learn what in-house lawyers value most.

The short articles inside contain real-world experience from a global group of organizations including Arm Ltd., Bank of America, Blue Cross Blue Shield Association, Buckman Labs, Dell Technologies, Fujitsu, Nationwide, Texas Instruments, and Xerox.

GBQ helps you align with others and reach peak effectiveness, so your enterprise can achieve its goals, be bold and principled, and bring employees, investors and the public along for the ride.

Our standing departments keep you up to speed — Cutting Edge, a look at provocative new data; and Briefs, short takes about smarter spending and planning, talent and culture, growth and innovation, and data and technology.

We welcome your feedback. Please contact me at judy.pasternak@gartner.com.

— Judy Pasternak

[1] The Beatles: Get Back, directed by Peter Jackson, a three-part documentary that began streaming on Disney+ on 25-27 November, 2021.

[2] David Bandurski, Brookings TechStream, The 'Lying Flat' Movement Standing in the Way of China's Innovation Drive, July 8, 2021. Caitlin Fitzsimmons, Sydney Morning Herald, Australia's version of the great resignation revealed as staff swap jobs, November 14, 2021. Aimee Pichi, CBS News, Americans Are Quitting Their Jobs at Record Rates: Here Are the 10 States Leading the Trend, December 3, 2021. Reuters, World's Top Shoemaker Pou Chen Faces Vietnam Labour Shortage, November 10, 2021. Paul Taylor, Politico EU, Europe at Large: The Good News About Labor Shortages, October 7, 2021.

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Cool New Data Points

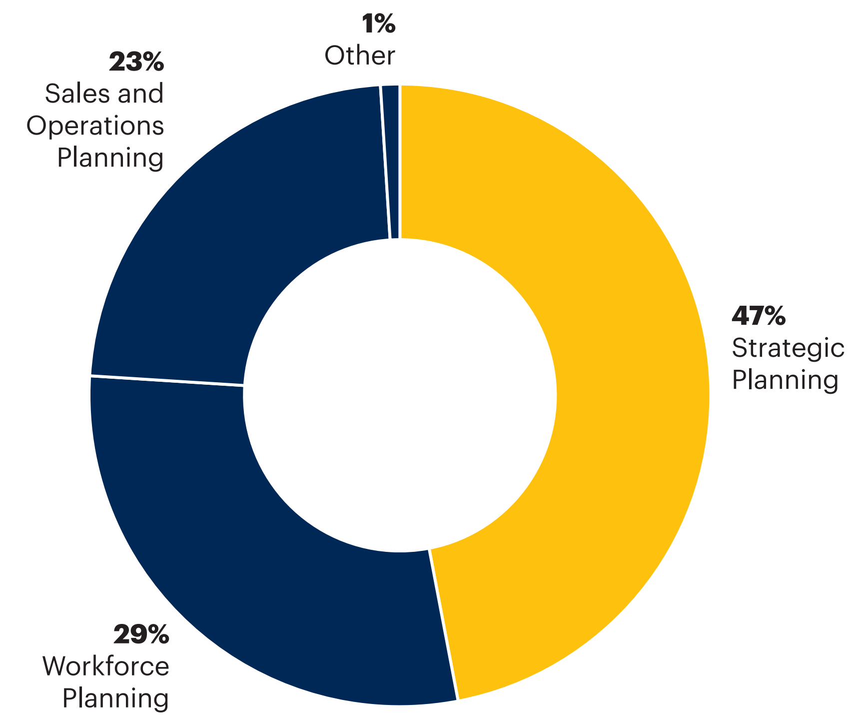
Compiled by Oana Lupu

Enterprise Planning Is Critical, But Elusive

Failing to coordinate financial planning with other types — workforce, sales and, especially, strategic — can lead to pursuit of departmental goals and short-term opportunities without considering their long-term, enterprise implications.

Enterprise Planning Activities That Are Most Difficult to Integrate With Financial Planning

Percentage of Respondents



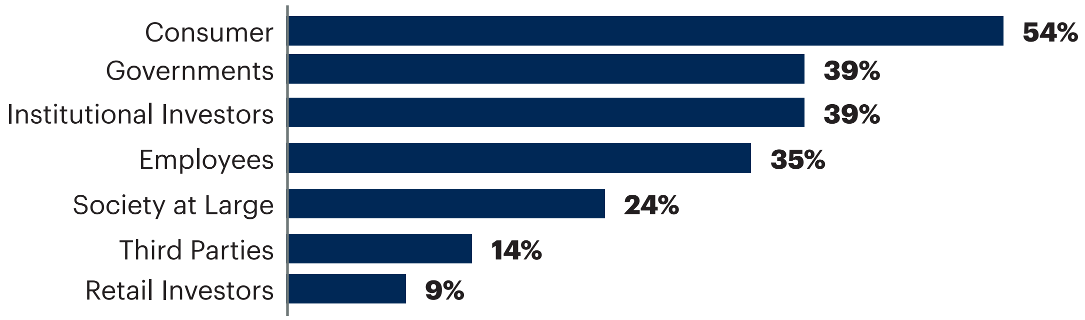
n = 100 CFOs

Source: 2021 Gartner Capital Allocation Survey

Consumer Voice Is the Biggest External Influence on ESG Strategy

Fifty-four percent of executives say consumer sentiment is extremely important to consider during ESG strategic planning — ahead of the percentage who cite the government (39%), institutional investors (39%), and employees (35%).

Stakeholder Importance for ESG Strategic Planning
Percentage of Respondents



n = 175

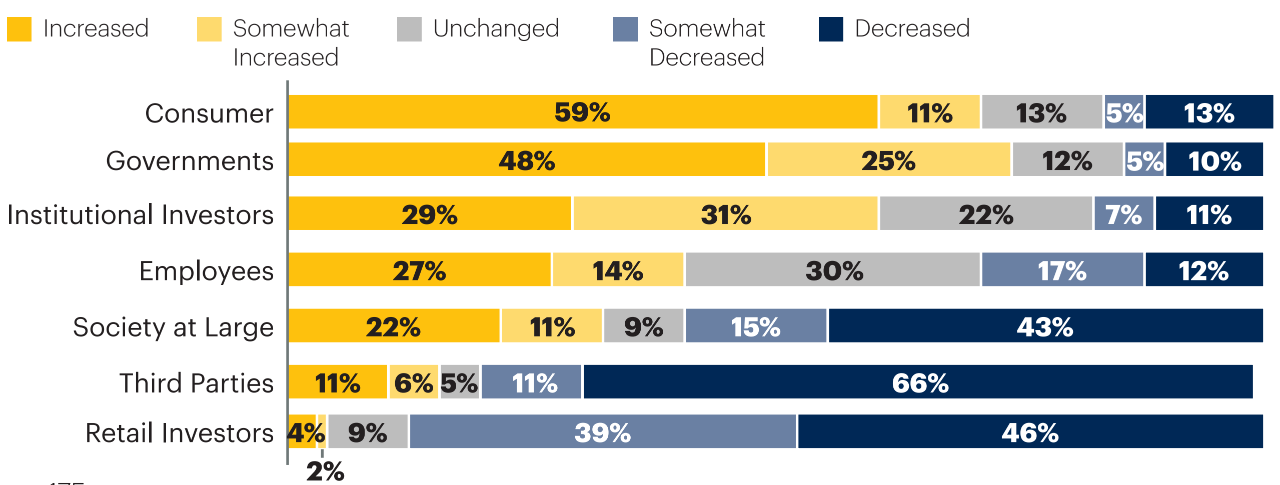
Q: How important is each stakeholder group in your organization's strategic planning?

Source: 2021 Gartner ERM ESG Panel Survey

Note: This chart only includes organizations that find this question to be extremely important.

Over the past three years, the importance of consumer voice has increased, while that of third parties and retail investors has decreased.

Stakeholder Voice for Organizations' Long-Term ESG Strategy
Percentage of Respondents



n = 175

Q: In the past three years, how has the relative importance of stakeholder voices changed in the determination of your organization's long-term strategy?

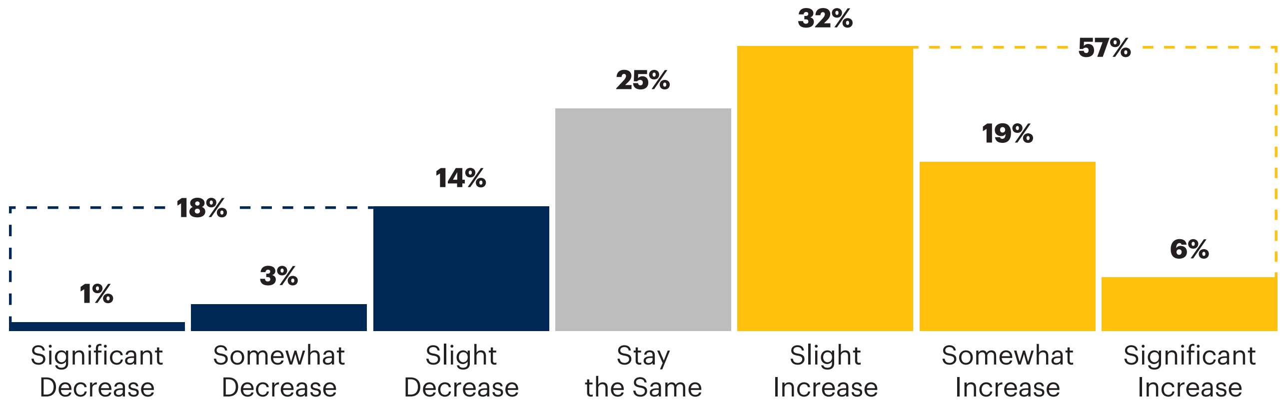
Source: 2021 Gartner ERM ESG Panel Survey

Notes: Increased includes responses of "increased" and "significantly increased"; Decreased includes responses of "decreased" and "significantly decreased." Some values may not add up to 100 due to rounding.

Boards Are Getting Bolder, But One-Third Don't Trust Employees to Consider Risk

Fifty-seven percent of board directors are increasing their risk appetite — but 33% of them lack confidence that employees understand how (or even why) to make risk-informed decisions.

Board of Director Expectations for Risk Appetite

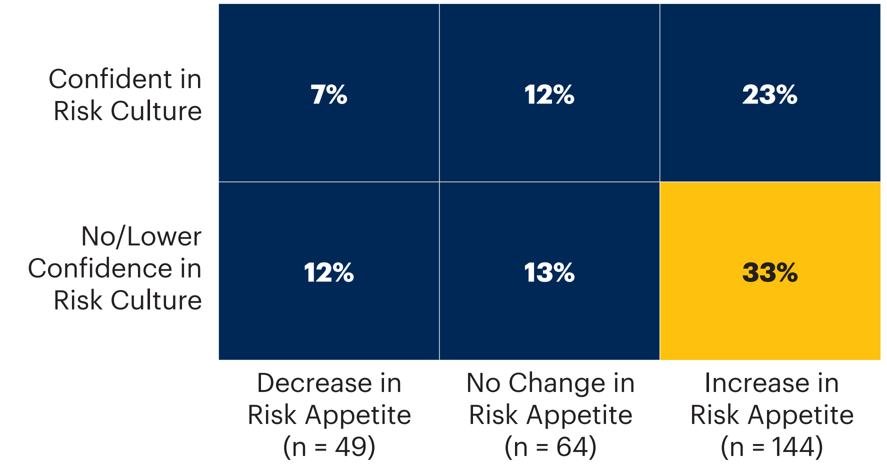


n = 273; All Respondents

Q: Since the disruptions of 2020, how has the board's risk appetite (willingness to accept risk in pursuit of corporate objectives) changed or expected to change for 2021-2022?

Source: 2022 Gartner View From the Board of Directors Survey

Board Expectations for 2022 Risk Appetite and Confidence in Risk Culture



n varies; All Respondents, Excluding Don't Know

Q: Since the disruptions of 2020, how has the board's risk appetite (willingness to accept risk in pursuit of corporate objectives) changed or expected to change for 2021-2022?

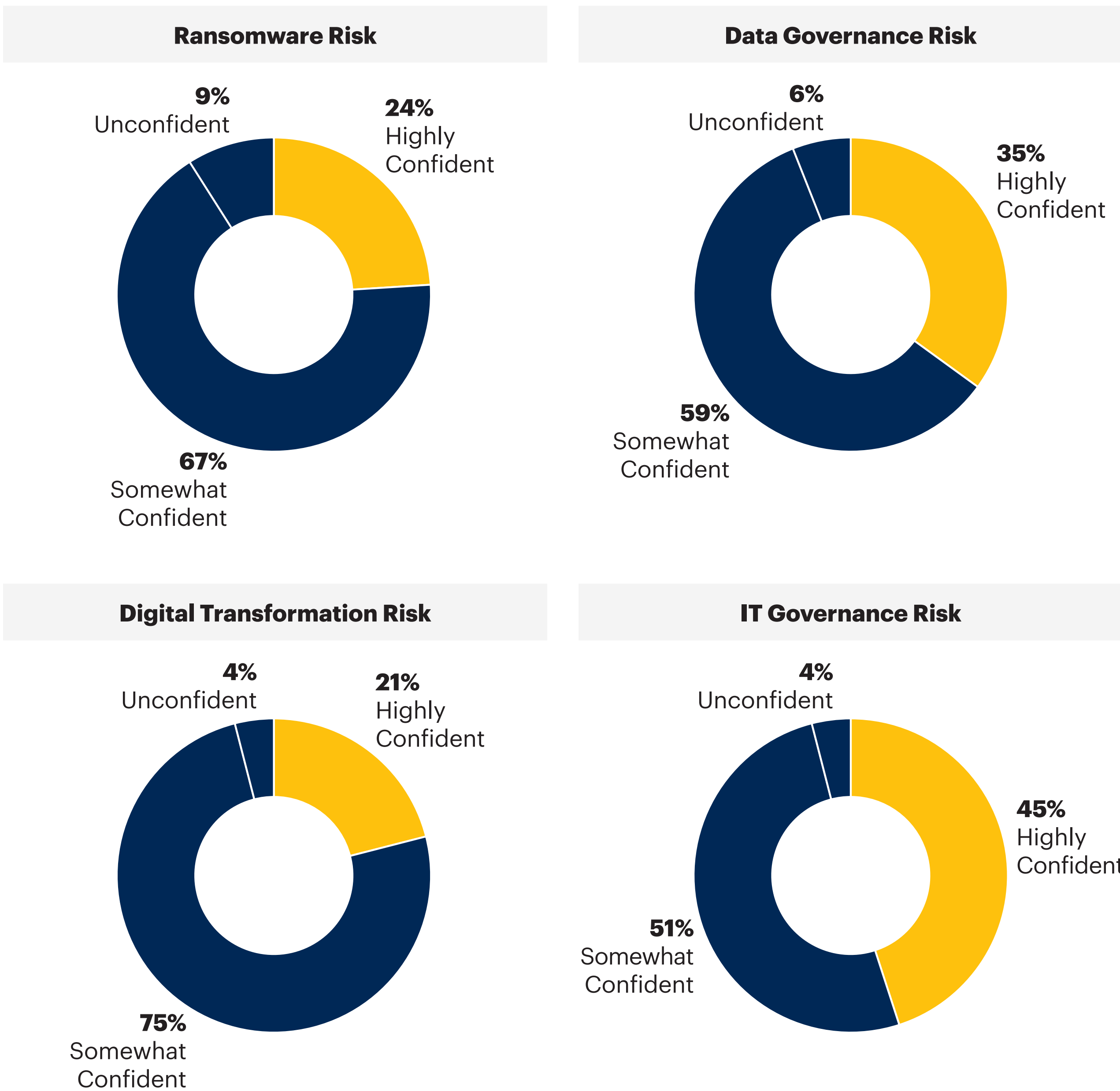
Q: Please indicate your current level of confidence in the strength of your organization's overall risk culture in supporting business objectives.

Source: 2022 Gartner View From the Board of Directors Survey

Can Internal Audit Provide Assurance Over Top Digital Risks?

Ransomware is the top digital risk that chief audit executives are worried about this year, followed by three more technology-related concerns: data and analytics governance, digital business transformation and IT governance. Yet audit leaders tell us they're not sure they can provide sufficient assurance in these areas.

Confidence in Audit's Ability to Provide Assurance Over Top Digital Risks
Percentage of Respondents



n = 158
Source: 2022 Audit Key Priorities and Risks Survey

A Framework for Assessing Attrition Risk: Who Wants to Pack Up, and Why?

by Alexia Cambon and Annika Jessen

The pandemic catalyzed workers across all industries and at all levels to ask "Why?" *Why did we ever go into the office at all? Why can't we find the line between our jobs and our personal time?* Sixty-five percent of employees say the COVID-19 pandemic made them rethink the place work should hold in their life.[1] Now, it's executive leaders who must seek answers, asking: *Why is our talent leaving at record rates?*

Nearly one-third of employees plan to look for a new job within the year, and 26% have already made phone calls or sent out their résumés to prospective employers.[1] They are ready to make changes — big ones; 65% said the virus crisis made them long for a major shift in their lives.[1] Employers who don't seek to understand *why* will find themselves in a perilous position.

A good starting point for executive leaders is to identify the *trigger* that prompts an employee's exit. Are they pushed by something within the organization itself? Or are they pulled by something external, such as a development in the labor market, local community, societal movements or another outside influence?

You'll also need to examine the many possible *drivers* behind a departure. Traditionally, executives looking to improve retention only examine aspects of the work experience they feel is within their control. However, more progressive senior management teams are expanding their view to include the employee's life experience. These leaders recognize that their employees now expect organizations to also prioritize their well-being and enable a fulfilling, well-rounded life, especially as the world enters a third year of high-stress, unpredictable and unfamiliar conditions.

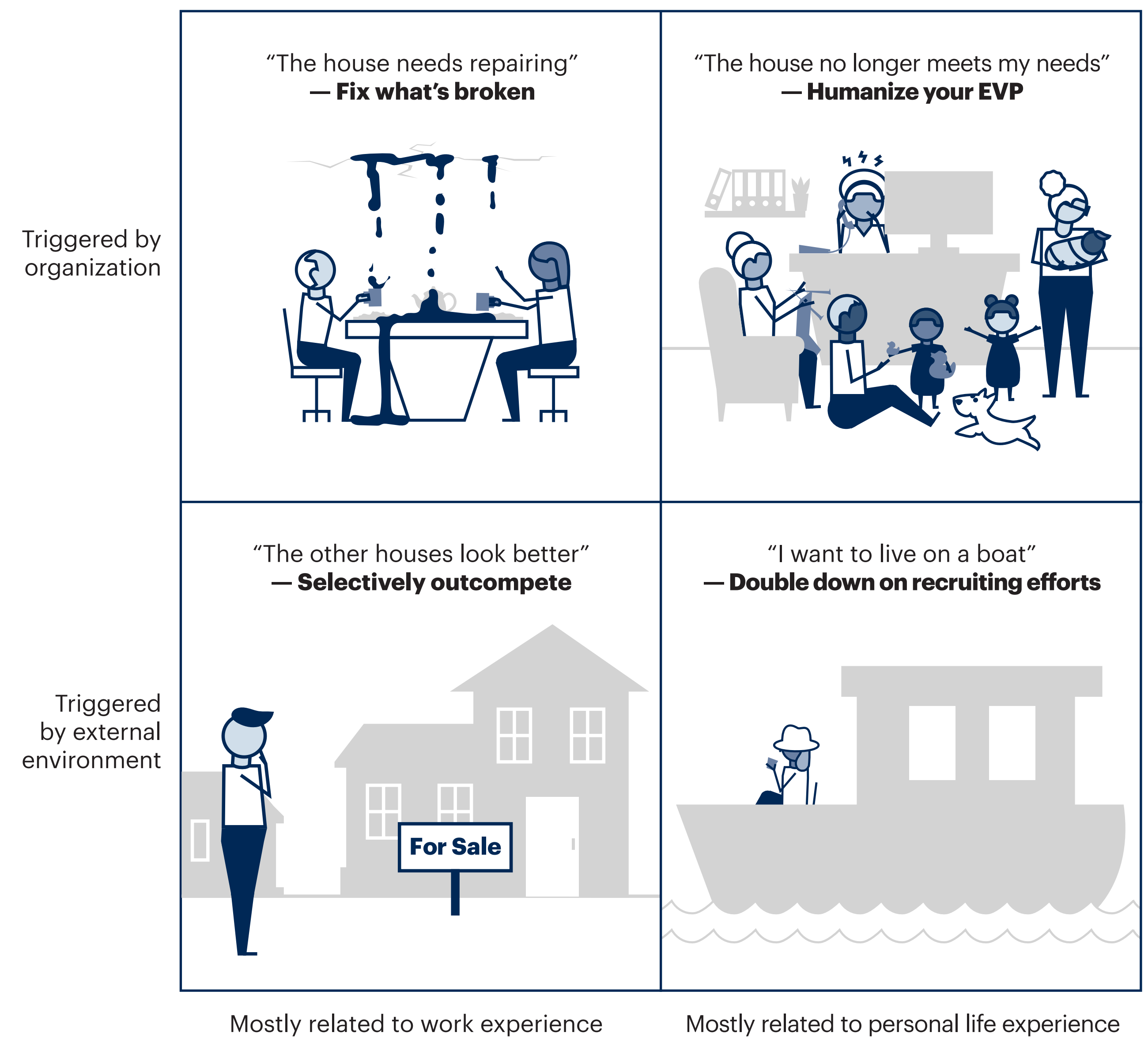
Deciding to Leave a Job Is Like Deciding to Sell a House

To understand the bigger picture of these historic rates of attrition, you can compare this professional decision to a personal choice. Leaving a job is like selling a house.

You can chart the triggers and drivers related to employee exits to build a framework that reveals who wants to move on and why. Partner with HR, talent analytics teams and managers to gather information on which quadrant your employees fall into (see Figure 1).

Once you plot the attrition risk, you can identify the best response. Use the real estate analogy to find the most effective strategy for your workforce. Solutions will vary, depending on whether an employee's house needs repairing, their needs have changed, they spy a house for sale that looks better or they've lost all desire for any house at all — perhaps they want to go live on a boat.

Figure 1. A Framework for Assessing Attrition Risk



Source: Gartner

"The House Needs Repairing": Fix What Is Broken

The pipes leak, or maybe it's the roof. This scenario is analogous to an employee whose decision to leave began internally — **caused by the organization** and related to the **work experience.** The leader's responsibility is to fix what is broken at work by leveraging engagement survey data, exit interviews and information from performance conversations to pinpoint the damaged areas.

Manager quality is one of the major causes of attrition in this quadrant. Twenty-nine percent of employees say their manager is one of the top reasons they left their previous job.[2] When work life is virtual, and circles of interaction shrink, the importance of empathetic managers who will help teams build networks and develop skills cannot be overstated.

Only 60% of employees feel that people in their organization care about them, and two out of five employees feel disconnected from their organizational culture.[1] The manager is the employee's likely first access point to company culture, mentors, special projects and professional development opportunities, and therefore plays a vital role in enriching the employee experience. It is in executive leaders' best interest to invest heavily in management to retain talent — and to do so with urgency.

You may also need to make development opportunities and potential career paths more visible. One-third of employees lack confidence that they can have a successful career at their organization, and nearly half (46%) feel left out of meetings and activities that could enhance their career.[1]

"The House No Longer Meets My Needs": Humanize Your Employee Value Proposition (EVP)

Maybe the house is in good shape, but the homeowner has new needs that this dwelling simply cannot meet — a room for an office or a bigger garden. This scenario is analogous to an exit decision that was **caused by the organization** — and related primarily to **life experience.**

Leaders must humanize their EVP accordingly, whether by evolving their flexibility offerings or taking a greater role in important issues that matter to employees, such as sustainability or social justice.

More than half of employees say the pandemic has changed their expectations toward their employer. Fifty-nine percent of Gen Z and millennial employees believe companies have a responsibility to address social issues, even if it hurts profits.[3] Nearly three out of five employees want their organization to provide opportunities to pursue their personal interests to learn skills they can use outside of work beyond traditional professional development opportunities.[4]

Remote, hybrid and in-person employees are also burned out: 40% of employees have a worse work-life balance since the pandemic began, and 54% report feeling tired before they even get to work.[1,5] Nearly three in 10 don't have enough time for leisure activities that relax and rejuvenate them, which would ultimately support their ability to produce high-quality work.[1] Employees want their employers to take care of their holistic well-being. They can experience up to a 7% increase in their physical, financial, and mental wellness when employers do so.[4]

To retain these employees, take an inventory of your existing EVP offerings: Where are they lacking in personal growth, radical flexibility, deeper connections, shared purpose and holistic well-being? Then, shift your offerings to a more human-centric EVP so that employees feel cared for, understood, autonomous and valued.

"Other Houses Look Better": Selectively Outcompete

Maybe the house is livable, and the homeowner doesn't need more — but another house just went on the market down the road and it simply looks more appealing. In this example, the employee's decision to leave is **caused by external labor market or other societal challenges,** as other organizations offer a comparatively better **work experience.**

In this case, leaders must think carefully about where they can and must selectively outcompete. What are their critical talent segments, and can they afford to match the compensation increase (and other benefits) luring away their talent?

Even before the pandemic, the phenomenon of the "casual candidate" caused retention challenges. Searching and applying for a new job has never been easier, and the proliferation of job platforms enables candidates to peruse other companies' offerings at any time with little effort, increasing the prevalence of a "grass-is-greener" mentality.

Now, in a rebounding economy, employees have a record number of open jobs to consider. Organizations are also working hard to backfill open positions and grow teams and are thus offering premium compensation packages.

Executive leaders in this situation will have to evaluate carefully whether to match the perceived better offerings of other companies. Leaders must identify whether the talent searching externally is critical to the business's success in the near term, recognizing that the race for higher pay no longer applies only to highly skilled, niche workers.

Holding on to critical workers might involve a targeted intervention, showcasing internal potential career paths and skills development. You may need to offer employees a raise or merit bonus for the organization to stay competitive.

"I Want to Live on a Boat": Double Down on Recruiting Efforts

Finally, it's possible a decision to leave has nothing to do with the house at all. Maybe the homeowner wants to go to extremes and simply prefers a boat. In this scenario, the exit decision is **caused by external labor market or other societal challenges** and involves an employee's pursuit of an entirely different **life experience.** And they can afford to do that. In the past year, 48% of individuals were able to save enough money to afford to make a big change if they wanted — illustrating a notable risk that executive leaders must understand.[1]

During the COVID-19 pandemic, 52% of employees questioned the purpose of their day-to-day job, and 24% said they dislike their day-to-day tasks.[1] In the last year, nearly three in five employees actively seeking other positions have applied to jobs outside of their current career path.[6]

This quadrant also includes other types of sweeping change: pursuing additional education, moving to a different geographic area or leaving the workforce altogether.

The best option for leaders in this situation is to think proactively about backfilling, as retaining these employees is probably impossible and would not benefit either party. To size and get ahead of the problem, consider hosting focus groups to understand where employees might be looking for a big change. An added benefit: small sessions feel more human and personal than an engagement survey.

In this quadrant, in which the reasons for leaving are mainly beyond your control, don't spend time and money trying to convince anyone to stay. Instead, encourage HR and managers to support an amicable farewell. That way, those who leave can remain high-quality brand ambassadors for their networks or potential boomerangs should a better fit open in the future.

1 2021 Gartner Hybrid and Return to Workplace Sentiment Survey. This survey, conducted in October 2021, polled 3,000 employees across a wide range of industries, functions, geographies and current work statuses to understand their preferences and challenges related to current and future work design.

2 2021 Gartner Human Deal Benchmarking Panel 2. This survey was conducted in July 2021, on more than 3,500 employees worldwide on various topics relating to the EVP. Respondents were permanent employees between the ages of 18 and 65 at organizations with more than 1,000 full-time employees, with representation across all industries and employee functions.

3 2020 Gartner Consumer Brand Engagement and Sentiment Survey. This survey included 2,448 consumers.

4 2021 Gartner EVP Employee Survey. This survey polled 5,000 employees globally on their experiences and expectations of their organizations' EVP and employee experience.

5 2021 Gartner From Efficiency to Resilience Employee Survey. This survey was distributed to over 3,600 employees across more than 24 industries and in five regions across the world.

6 2021 Gartner Candidate Survey. This survey, conducted in May and June 2021, collected the preferences, experiences and behaviors of 3,000 candidates across the globe. The survey polled recent candidates in 10 countries, 24 industries and 21 functions.

Employees Will Leave; Their Knowledge Doesn't Have To

by Laura Reul
with contributor Rebecca Burton

Don't wait until people start resigning to implement a strategy that safeguards institutional knowledge. Whether it's health and safety concerns, new expectations for work-life balance or COVID-19 protocols, the extent of this problem is severe. Over the next 12 months, 73% of CEOs expect a shortage of workers or skills to disrupt their business, and 51% said retaining talent is one of their biggest challenges.[1] When employees leave, they take with them the insight into the processes and relationships they've accumulated over time. These losses can be costly for employers.

The departure of just one engineer led to substantial production delays for a company's flagship product, a defense contractor told us. That engineer worked alone with a narrow focus on production, leaving little opportunity for the organization to share or document her know-how. When she left, so too did her deep technical understanding.

More than a dozen executives have told us that similar situations are making it difficult to maintain steady business operations elsewhere. The best thing companies can do is prepare in advance for an exodus.

HR executives will take the lead in this work, but all management and staff can and should help retain the company's collective memory. Design this process around keeping mission-critical information — the rest isn't worth the time and effort. Determine how to capture these important intellectual assets, promote a culture of continuous knowledge transfer and reward employees who help execute this initiative.

How to Evaluate and Capture Knowledge

Knowledge typically falls into two categories: explicit and tacit.

Explicit refers to the information found in records, data files, customer relationship management systems and other physical cloud locations. It is typically the easiest to capture and transfer.

Tacit, however, refers to unwritten information that is learned through experience, such as a tenured sales executive's client intelligence. It's bad for business to lose it, given the amount of time it takes to gain and its strategic importance to the company.

HR leaders and managers should use the methods shown in Figure 1 to keep information with the company, not just employees.

Promote Continuous Knowledge Transfer

The most efficient way to retain employee knowledge is to incorporate sharing into ongoing organizational practices. Here are a few of the proven ways to execute this strategy.

Figure 1. Methods for Knowledge Capture

Method	Description	Time to Implement
Personal Productivity Tools	To distribute and save content related to role-specific activities throughout the company, colleagues should use applications and task management tools together. Examples include spreadsheets or electronic file sharing. This type of collaboration guarantees the information doesn't sit with just one person.	Short to Medium
Knowledge Maps	Create a visual representation of where enterprise knowledge resources reside within the organization. The map should tell you where to find experts and information.	Short to Medium
Hackathons	Invite employees to participate in competitions where they are given time and basic resources to develop ideas that solve problems based on their experience and knowledge. If one person leaves, the idea they came up with will stay.	Medium
Storytelling	Experienced staff members should share stories about how they get their work done to identify process details that are otherwise difficult to pinpoint.	Medium
Root Cause Analysis	Involve more experienced teammates in a root cause analysis of any problems that arrive during the normal course of work. This exercise will tap into staff members' tacit knowledge and codify their expertise in the form of an improved process.	Medium to Long
Interviewing	The team asks departing employees a series of questions to capture job-specific expertise. For example, explore why a previous mistake occurred and how it could have been prevented.	Medium to Long
Contextual Inquiry	Managers ask team members to observe departing employees performing their roles. This helps unearth tacit knowledge that a new hire will find useful.	Long

Source: Gartner

Embed Sharing Through a Community of Practice (CoP)

The purpose of a CoP is to share and apply knowledge over time, providing the perfect vehicle for its long-term management (see Figure 2).

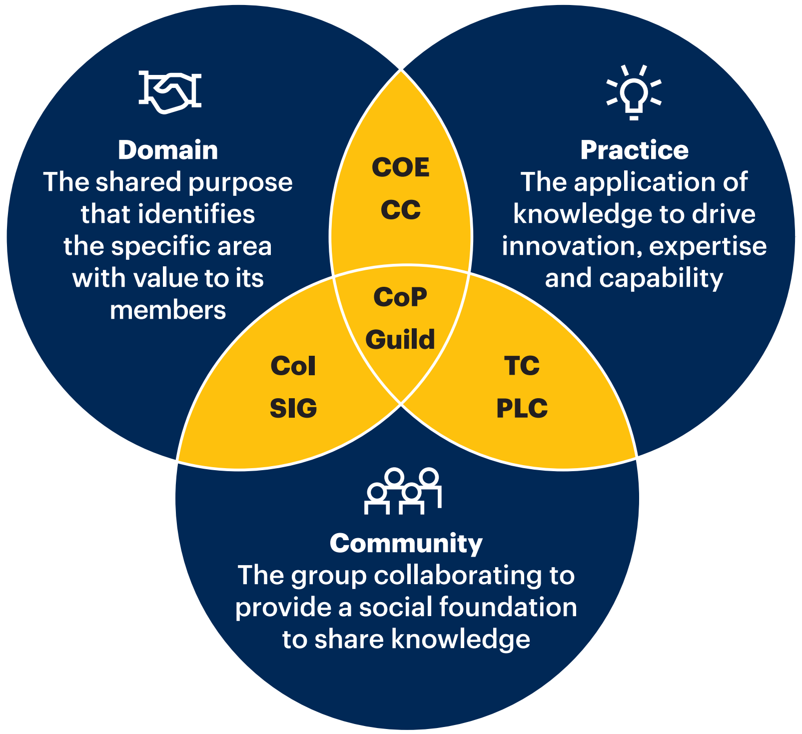
In 2013, ConocoPhillips, a U.S.-based oil and gas company, created a network of excellence (NoE) to address targeted, measurable business objectives through peer-to-peer problem solving. While helping to meet company goals, the network, made up of a global community of staff, also shares expertise with each other. On one occasion, the group set out to create and implement standards around plant maintenance business processes. After one year of collaboration, the NoE established enterprisewide standards for these processes and trained over 1,000 employees with digitally recorded training modules.

Beyond creating the CoPs, functional leaders must formalize the ways members communicate, share and retain information so knowledge is not lost. In 2016, at Xerox, a U.S.-based office equipment manufacturer, the HR team selected videos to do just that. Employees created actionable, unscripted and on-the-job training videos to share with their colleagues, known internally as *Xstream*Video. And to promote consumption, an HR manager tagged and embedded each video within existing workflows and portals, making it available for on-demand learning (see Figure 3).

This method worked; three years after its launch, *Xstream*Video surpassed its goal of having 70% of its content created by employees.

You can also encourage collaboration through alternative methods, such as holding regular virtual brown-bag lunches, mentoring programs, executive shadowing, and networking groups or workshops.

Figure 2. Communities of Practice to Provide Maintenance and Application



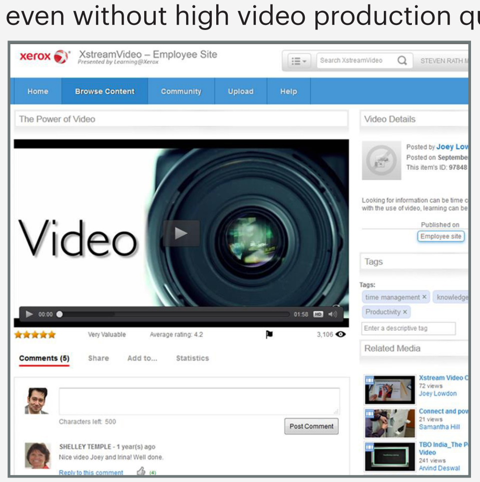
Group Types
COE: Center of Excellence
CC: Competency Center
CoP: Community of Practice
Guild: Open Community
SIG: Special Interest Group
CoI: Community of Interest
TC: Technical Club
PLC: Professional Learning Community

Source: Gartner

Figure 3. How Xerox Used Videos to Share Knowledge

Employee owned, not just from HR	**Direct and actionable,** rather than providing unnecessary information	**Unscripted,** rather than formal	**Generated from the workplace or field,** not a video studio

The power of video reinforces how quickly employees can create content with business impact, even without high video production quality.



Employee Guide to XstreamVideo
Why Contribute to XstreamVideo:
- Be recognized for your knowledge and leadership skills.
- Solve a common work challenge your colleagues face.
- Share visual information about a work situation.

How to Create in XstreamVideo:
- Subject matter is more important than production quality.
- Focus on real-world, not theoretical, application.
- Use your webcam or smartphone to record yourself on the go; then upload.
- See what your peers think through the comments and ratings after you post your video.

Source: Adapted From Xerox

Figure 4. How CNA Sustained Participation Through Formal Expectations

Advocate Role
The Advocate plays a critical role toward sustaining, developing and driving the growth of an assigned customer segment.

Time Commitment: 15%–25%

Key Areas of Responsibility:

1 Communications and Advisory
- Liaise between the field and the segment office.
- Stay up to date on industry trends.
- Promote internal awareness of segment and product knowledge.

2 Internal Support
- Assist in recognizing and addressing training needs.
- Facilitate branch sessions to share ideas.
- Collaborate with line of business owners to maximize segment profitability.

3 Effective Point of Sale Execution
- Participate in customer marketing efforts.
- Assist in resolving segment execution issues in the branch.
- Establish connections within underwriting that promote segment growth.

Impact
The Advocate is responsible for supporting larger business objectives associated with his or her expertise, not informal communication or networking.

Exposure
Advocates interact with and influence a variety of stakeholders, from peer underwriters to branch and home office leaders.

Accountability
Advocates are rated against the three areas of responsibility in their formal performance reviews.[a]

Source: Adapted From CNA

Reward Employee Adoption

Persuade staff to get onboard by tying knowledge transfer to performance expectations or by giving prizes to those who practice it.

On performance, invite employees to share instances in which their contributions have improved their colleagues' skills or capabilities, for example. Incorporate the results into the annual review process.

In 2013, CNA, a U.S-based financial corporation, created a program where employees could apply to become "knowledge advocates." To signal the importance of this position to the organization, HR created role-specific goals to incorporate into the employee's annual performance objectives (see Figure 4).

You can also offer special rewards and incentives to recognize staff members who actively participate in sharing what they know. To that end, Texas Instruments, a U.S.-based technology company, created an annual award named, "Not Invented Here, But I Did It Anyway," to praise those who use other employees' ideas. And at Buckman Labs, a U.S.-based chemical company, managers give the top 150 knowledge sharers a new laptop and a resort trip.

[1] The Great Resignation Is No Joke, Fortune.

[2] P. Massingham, "Measuring the Impact of Knowledge Loss: A Longitudinal Study," Journal of Knowledge Management, 21 February 2018.

Steps to Work Through Staff Shortages

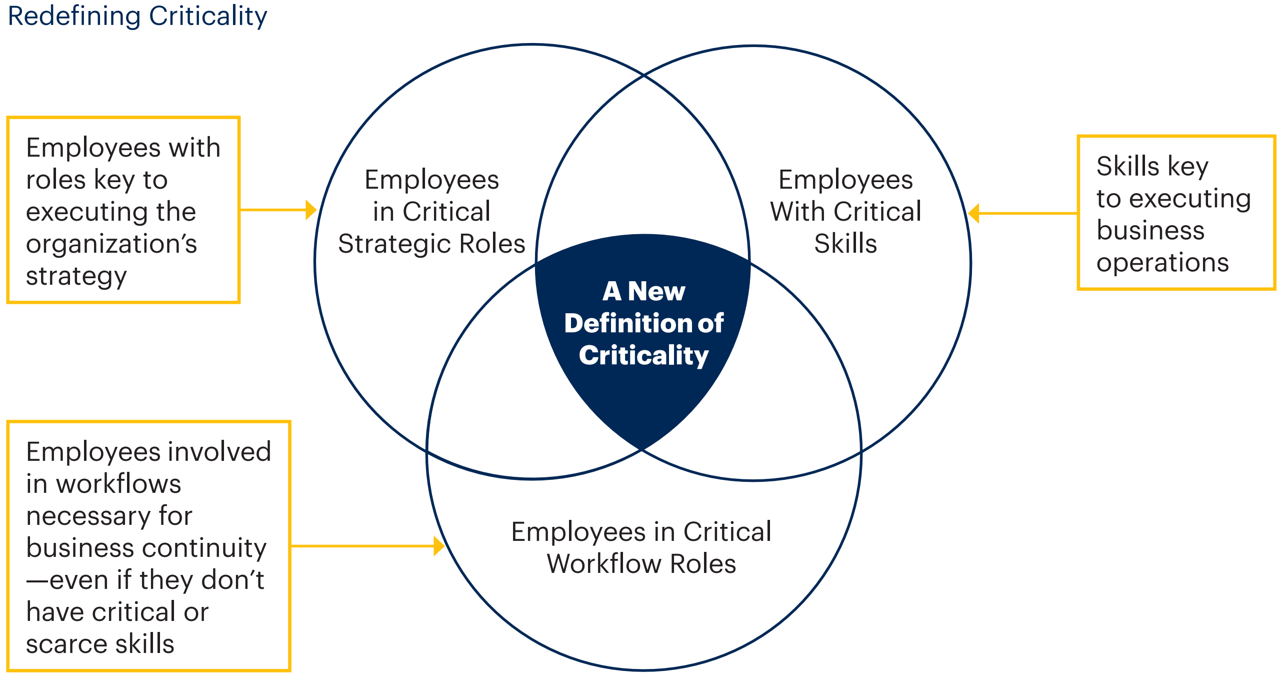
by Piers Hudson and Steven Peter

With ferocious competition for talent — in all parts of the enterprise and around the world — organizations should plan for what they will do during periods of worker shortage. They must keep the business running and, just as importantly, protect those who remain: 83% of employees say they are already working at, or over, capacity.[1]

Step 1: Identify Critical Workflows, Not Just Critical Skills or People

In an interconnected business world with very lean processes, some positions are critical to business continuity and directly affects business performance (see Figure 1). For example, the departure of someone managing work scheduling for the logistics function, or the person issuing licenses for important software, can have a sudden and outsized impact, quite aside from whether their role will be hard to replicate in the labor market.

Figure 1. A New Definition of Critical Talent
Redefining Criticality



Source: Gartner

One insurance company, for instance, regularly checks for people-related vulnerabilities, such as:

- "Sole Ownership Silos" — Individual roles have sole decision authority over a high number of critical decisions.
- Hand-offs — Decision rights are split.
- Overlapping Responsibilities — Decision rights might be duplicated.
- Role Ambiguity — Decision rights are not clearly defined.

Using these kinds of criteria, leaders can begin to identify critical workflows and plan short-notice backfill options so that departures do not cause undue disruption.

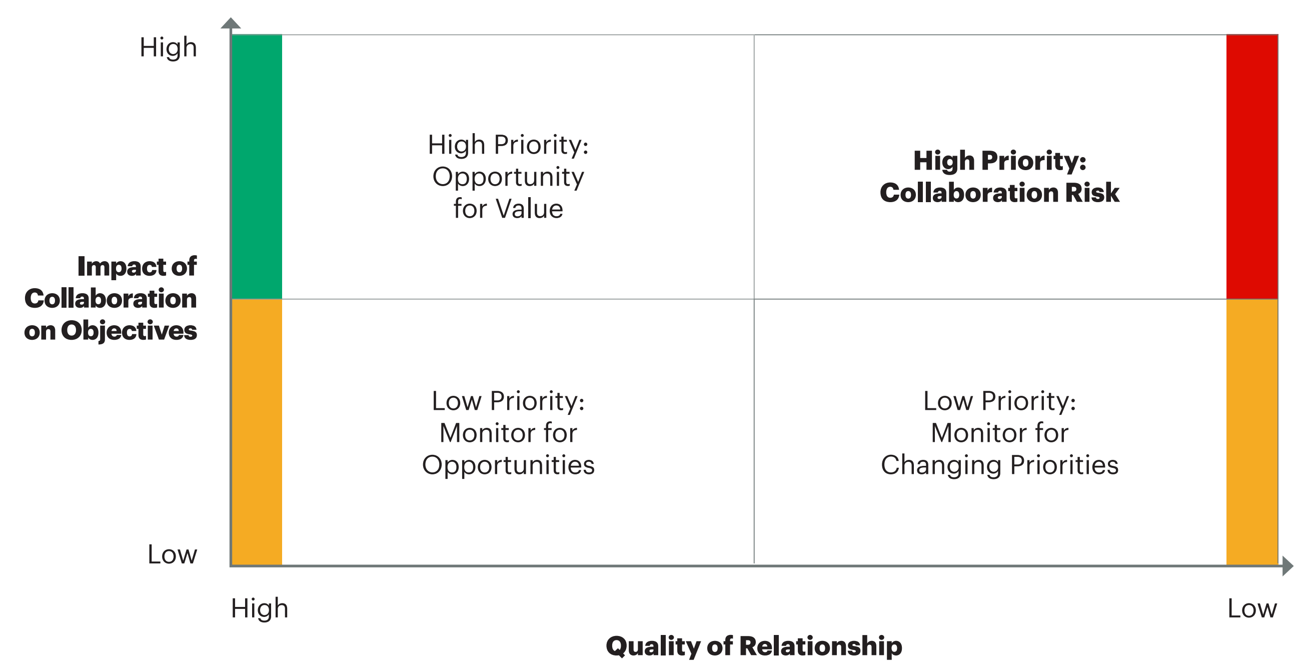
Step 2: Create Mechanisms to Adjust Priorities Between Teams

Given the unpredictability of turnover, as well as the general uncertainty of the external work environment, staff shortages will likely upend goals set at the beginning of the year. Having a manager who effectively reprioritizes resources and goals can decrease an employee's chances of sustaining damage to their emotional and physical health by 27%.[1]

Managers need an overall narrative for how the wider organization is handling disruption. JetBlue Airways, a U.S.-based airline, initiated a "Reset the Jet" campaign during the pandemic. This helped all managers and employees understand what the company's planned "stabilize, recover and transform" phases of action would be to react to the new business context. Through this campaign, managers and team members could see how short-term priorities fit within a longer-term direction, which meant they could also feel confident in resetting local priorities with a view to the airline's trajectory over time.

They also must be clear about accountability to other teams. GFG Alliance, a mining and manufacturing company, asks teams to map their responsibilities to those of others and share the results within the group. When conditions change, teams are already primed to know which working relationships any changes in goals will affect, and can then negotiate any changes to not undermine other teams' productivity. Tools and guides, such as GFG's Dependency Prioritization Template (see Figure 2), allow managers to plan which working relationships they may need to protect when short-staffed.

Figure 2. GFG Alliance's Dependency Prioritization Mapping



Source: Adapted From CGF Alliance

Step 3: Empower Employees to Set Their Own Priorities

The organizational effectiveness team at Workday illustrates the concept well. Workday, a U.S.-based human capital management software vendor, equips groups facing an overwhelming list of projects, based on a project's business impact and complexity, for choosing well-defined alternative modes of support:

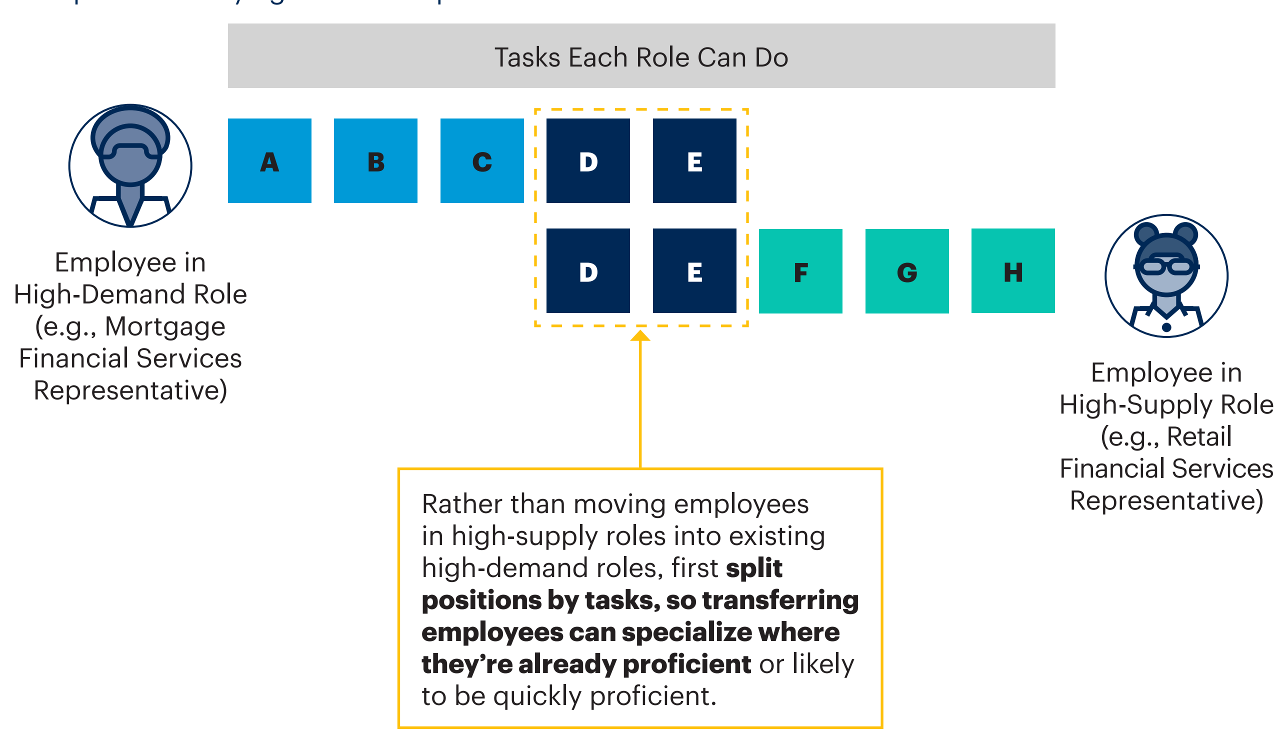
- Level 1 (low priority, low complexity) — Develop templatized resources and frameworks that project owners can use and implement on their own.
- Level 2 (low priority, high complexity) — Project owners receive limited consulting or enablement time with the organizational effectiveness team to brainstorm a solution.
- Level 3 (high priority, low complexity) — Both the team and the project owner have equal seats at the table to work toward a solution.
- Level 4 (high priority, high complexity) — The organizational effectiveness team takes the lead and provides a fully customized solution.

Step 4: Smooth Out the Process of Internal Mobility

Don't take the typical, rigid, role-based actions when it comes to moving talent between positions to stave off staff shortages. Organizations and individuals can gain from a more task-based perspective. Break up roles into constituent tasks, find overlapping tasks between two or more roles and utilize employees in high-supply roles to quickly fulfill similar activities in high-demand roles. Employees who move can make an immediate impact in work they are already familiar with, while employees in the existing high-demand roles can concentrate on the parts of their job that require their greater experience.

TDECU, a Texas, U.S.-based credit union, redeployed staff from branch roles to mortgage negotiation roles during the pandemic. This task-based adjustment was a boon for the teams receiving extra capacity and provided ongoing career development for employees who helped out in a new setting (see Figure 3).

Figure 3. TDECU: Task-Based Redeployment
Example of Identifying Task Overlap Across Roles



Source: Adapted From TDECU

Step 5: Give Managers Easy Access to Alternative Sources of Worker Supply — and Try "Speed Dating"

It's hard to be agile in staffing your team when managers are unaware of their options, the internal processes for bringing in different sources of labor are varied and complex, or managers just don't think about allocating work to someone other than a full-time employee. Unilever, a U.K.-based consumer goods company, invites managers and various suppliers (e.g., contingent workers, freelancers, students, partner organizations) to "speed-dating"-type workshops. Through these sessions, managers grow more familiar with the different work models they can tap into and can think creatively about what types and pieces of work could be redesigned for a different model. At the same time, Unilever's HR team looks to streamline the system for enlisting external reinforcements.

Step 6: Deconstruct Your Staff-Up Plan Into Stages

The tendency when thinking about restaffing empty roles is to replace "like" with "like" — or even "better" for "like." But when multiple members of a team depart at the same time, or where there is shortage across the board for certain roles, you can rebuild in phases.

Eastman, a U.S.-headquartered chemicals company, knew it would be difficult to staff its data science team in one go. Eastman noted precisely when it would need particular types of expertise during each stage of maturity the team would pass through. When the company recognized that business and data domain knowledge would probably be the first requirement, a plan emerged to recruit internal candidates who possessed adjacent skill sets and hire a limited number of recent graduates who could train colleagues on advanced analysis techniques over time.

[1] 2021 Gartner Workforce Resilience Survey

4 Bold Ways to Disrupt Pay-Based Plays for Your Talent

by Jessica Knight

You've no doubt noticed that aggressive competitors with open wallets are courting both your job candidates and your existing workforce. A November 2021 Conference Board survey cites growth in US wages for new hires as one of the primary drivers of a projected 3.9% increase in wage costs for organizations in 2022 — the highest rate since 2008.[1] In Canada, new hire pay has grown 10% in the last 24 months.[2] An ECA International salary trends report expects the Asia/Pacific region to see higher real salary increases than anywhere else in the world in 2022, once inflation is taken into account.[3]

Failing to respond is a risky move. With unprecedented demand and turnover hitting simultaneously and across talent segments,[4,5] a decision to wait it out and keep costs down could leave your enterprise at a significant strategic and operational disadvantage.

In the same way the pandemic forced organizations to overcome their hesitancy about remote work, the hypercompetitive labor market is prodding executive leaders to reconsider their efforts to boost attraction and retention. It's not all about the money, of course — not by a long shot. But the usual methods, such as updating the employment brand, reaching deep into high school and college pipelines, and improving the candidate experience won't help enough right now. These factors all take time to make an impact — time you might not have if rival offers on the table include tempting jumps in income.

How to Evaluate Disruptive Options

Although disruption is in order, however, executive leaders should still think through the type of strategies that fit their organization best. Assess some new tactics and revive others that are well-known but typically dismissed because of high cost and risks (such as opening an earnings gap between newcomers and veterans that could cause tension). for attracting and retaining talent.

You should also apply specific criteria:

- Scale of the talent risk — Is competition for a few targeted roles or across broad segments of the organization?
- Nature of the talent risk — Is this a temporary talent shortage or a more systemic attraction or retention challenge the organization must address for the long term?
- Context of the talent risk — How differentiated is each option from what is already offered across the organization's specific location(s)?

Use these considerations to evaluate each strategy and associated potential actions outlined in Figure 1.

Figure 1. 4 Strategies With Potential Actions to Disrupt Compensation-Based Competition in the War for Talent

Strategy	Potential Actions to Evaluate
1 Augment compensation and benefits.	• Increase base pay. • Provide a substantial signing bonus. • Offer lucrative lock-in compensation or benefits. • Decouple pay and location.
2 Pay with time.	• Shift to a 32-hour/four-day workweek. • Guarantee a maximum workload. • Adjust hours/workload/roles for adjusted pay.
3 Invest in your own people.	• Provide spot bonuses. • Accelerate internal promotions and backfill resulting lower-level vacancies from the external labor market. • Rebalance through lateral moves from low-demand areas to high-demand areas.
4 Expand the talent pool.	• Redefine the available "qualified" talent by reevaluating predictors of long-term success away from traditional formal requirements. • Eliminate tech-based screening. • Use apprenticeships or probationary employment to allow riskier hires.

Source: Gartner

The Pros and Cons of Each Strategy

1 Augment Compensation and Benefits

This tried-and-true method may require changes at a greater scope and scale than ever before to add sufficient value to influence employee decisions.

▸ Upfront Cost to Execute: High
▸ Time to Implement: Low

Increasing base pay can provide a quick return on investment for roles that must be filled immediately. While highly effective, this strategy is expensive and can raise equity questions. It's also difficult to reverse in the future and loses its advantage as soon as a competitor offers more.

Providing a substantial signing bonus comes with similar benefits and risks, but organizations are likewise boldly using this strategy. For example, Raytheon Technologies offers a "minimum $50,000 sign-on bonus" for several software-related jobs that require active security clearances.[6]

Offering lucrative lock-in compensation or benefits (e.g., tuition and books, large cash bonus that pays out over multiple years such as the bonuses announced by Apple in late 20217) to employees can establish a lasting, highly differentiated position in the market. It also signals long-term commitment to employees. However, this expensive approach becomes ineffective if competitors simply buy employees out of these benefits.

Paying With Tuition and Books
Education benefits are on the rise, and Target, Amazon and Chipotle offer full tuition assistance plus books to frontline workers.[8]

▶ Upfront Cost to Execute: High
▶ Time to Implement: Medium

Decoupling pay and location improves the organization's competitive position in areas with lower costs of living and can attract employees interested in moving out of high-cost areas. But standardizing pay across geographies could also increase costs, raise equity concerns and erode the organization's competitiveness in more expensive cities and regions.

2 Pay With Time

Work-life balance is a top driver of attraction and retention for many employee segments and giving employees more time comes with a bonus: you can also improve operations.[9]

▶ Upfront Cost to Execute: Medium
▶ Time to Implement: Low

Shifting to a 32-hour/four-day workweek while keeping salaries constant establishes a highly differentiated position in the market. However, the strategy can be easy for competitors to replicate, particularly if others recognize its productivity benefits, and it is difficult to reverse once offered to employees.

Piloting a Four-Day Workweek
Unilever began piloting a four-day workweek for its New Zealand offices in 2021,[10] and after a successful experiment at Microsoft Japan, the government of Japan has proposed a national four-day workweek.[11]

▶ Upfront Cost to Execute: Medium/High
▶ Time to Implement: Medium/High

Guaranteeing a maximum workload (e.g., hours, caseload) also helps your organization stand out. Additional benefits: this tactic requires a focus on crucial tasks and promotes employee well-being. Yet this arrangement can limit the organization's ability to quickly adapt to increases in demand and is difficult to calibrate for work that is not shift-based or hourly. Additionally, it must be practiced consistently for all employees and may require more staffing.

▶ Upfront Cost to Execute: Medium
▶ Time to Implement: High

Adjusting hours/workload/roles for adjusted pay (e.g., 60 for 60, 80 for 80) with full benefits can provide a longer-term advantage. Moreover, it can expand and diversify the talent pool and prompt managers to get more creative with job design and job-sharing options.

However, it can be difficult to define the boundaries of a 60% workload –– as opposed to 60% hours. The result: a slim margin for error before creating a new retention risk.

3 Invest in Your Own People

These actions create a more competitive position in areas such as career progression, development and stability, and lower the number (or level) of positions in need of an external backfill.

▶ Upfront Cost to Execute: Medium/High
▶ Time to Implement: Low

Providing spot bonuses or other incentives to long-term employees is a fast option and signals commitment to employees who stay with the company over time. However, this strategy involves costs to execute and can increase turnover among less tenured staff who may feel they can achieve a higher compensation boost by leaving. Additionally, rewarding loyalty does not necessarily retain the highest performers or those with the most critical skills.

▶ Upfront Cost to Execute: Medium
▶ Time to Implement: Medium/Low

Rebalancing through lateral moves requires accepting the resulting vacancies in low-demand areas of business. It can, however, reduce time to fill for senior positions and decrease the need to compete externally for high-demand talent. It also provides visible examples of internal mobility. Downsides: In addition to the expense, this step may disengage employees who do not want to make a lateral move or are not interested in the available options.

▶ Upfront Cost to Execute: Medium/High
▶ Time to Implement: Medium

Accelerating internal promotions and backfilling resulting lower-level vacancies from the external labor market supports the retention of important talent and internal networks and reduces the time to fill critical roles.

While this strategy sets a standard of internal mobility, it could disengage senior employees who already hold these roles and feel their experience is now being undervalued. It may also raise the expectations for promotions across the board. Taking this step is most effective when compensation is already competitive.

4 Expand the Talent Pool

Considering candidates from unconventional backgrounds expands talent pools available to fill critical gaps.

▶ Upfront Cost to Execute: Medium
▶ Time to Implement: Low

Reevaluating the definition of "qualified" talent and predictors of long-term success can bring many new types of diversity to your company's ranks, conferring an advantage that extends beyond the immediate talent shortage. Yet this strategy can burden the organization with additional screening, onboarding and training. It may also increase the risk of performance challenges among new hires, or long-term disengagement caused by unclear career paths.

Remove Boundaries by Lifting Location Requirements
Fifty-three percent of organizations we surveyed in 2021 said they had considered recruiting in new locations as a result of adopting remote work.[12]

▶ Upfront Cost to Execute: Medium
▶ Time to Implement: High

Eliminating tech-based screening captures qualified talent that automated filters may overlook (e.g., parents returning to the workforce after an extended time away). Executive leaders contemplating this strategy should assess the potential for added burden on recruiters and the additional time required for manual review. Furthermore, manual evaluation presents the risk of unconscious bias and inconsistency.

▶ Upfront Cost to Execute: Low
▶ Time to Implement: Medium

Using apprenticeships or probationary employment expands and diversifies the talent pool and reduces the risk of failed hiring. It also provides managers with an opportunity to try out staff in alternate working models before committing long term. However, onboarding and training may be more costly, with delayed time to productivity. Additionally, some talent might not be willing to accept a "trial" without a more guaranteed prospect.

1 2022 Salary Increase Budgets are the Highest Since 2008, The Conference Board
2 2022 Salary Increase: Asia Pacific to See the Highest Hike Once Again, FutureCFO
3 Canadian Workers See Hottest Wage Growth in Years, Toronto Star
4 Gartner TalentNeuron analysis
5 Job Openings and Labor Turnover, US Bureau of Labor Statistics
6 Companies Are Paying $100,000 Sign-On Bonuses To Attract Workers, Forbes.
7 Apple Aims to Prevent Defections to Meta with Rare $180,000 Bonuses for Top Talent, Bloomberg.
8 From Amazon to Walmart, Here's How College Tuition Became The Hot Corporate Benefit, CNBC.
9 See Maverick* Research: Grow Your Business by Eliminating the Full-Time Working Week, While Maintaining Full Salary.
10 A 4-Day Workweek for 5 Days' Pay? Unilever New Zealand Is The Latest To Try, The New York Times.
11 Japan Proposes Four-Day Workweek as Idea Gains Purchase Amid Pandemic, The Washington Post.
12 Gartner's Remote Workforce Survey was conducted online from 21 September 2021 to 1 October 2021 to reassess the impact of the pandemic, specifically how well organizations are managing through increased remote work. In total, 58 Research Circle members — a Gartner-managed panel — and nine from an open link participated. Members from North America (63%), EMEA (22%), Asia/Pacific (9%) and Latin America (6%) responded to the survey. The survey was developed collaboratively by a team of Gartner analysts and was reviewed, tested and administered by Gartner's Research Data Analytics team. Gartner's Research Circle members represent a mix of industries and organization sizes, with the majority in North America.

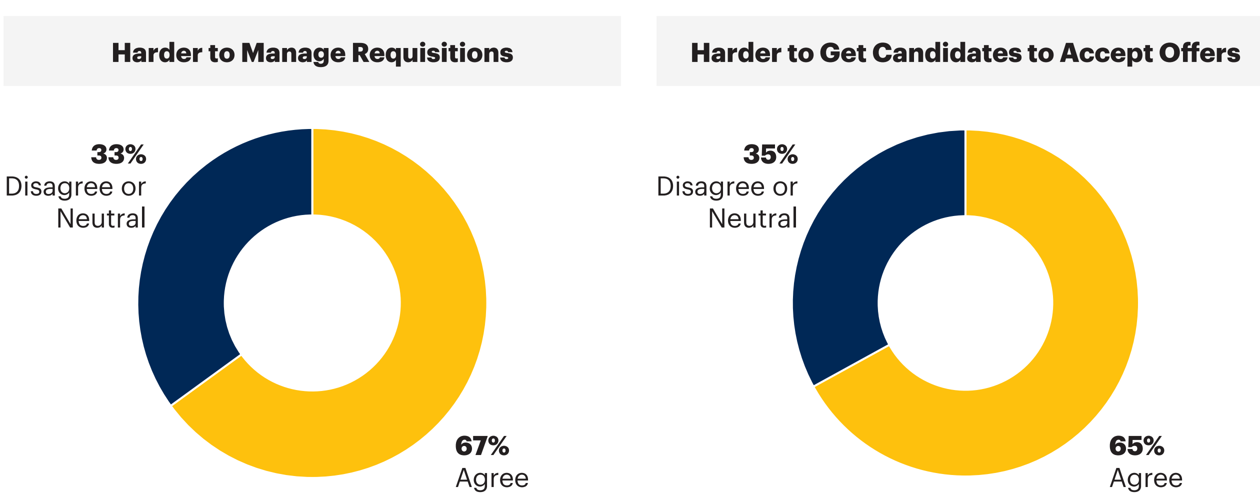
To Solve the Recruiting Crisis, Make Hiring a Team Sport

by Jamie Kohn

Recruiters can't possibly fill roles as fast as openings crop up — not with four million people in the U.S. alone quitting their jobs each month, while the number of openings soars 57% higher than prepandemic levels.[1] Since COVID-19 started spreading widely, the time to fill a position has increased 18%, tacking on an average of two weeks to the hiring process.[2] No wonder stores, restaurants and factories are reducing hours of operation and even closing entirely; they can't find the workers they need.

Worried executive leaders are sending along a tidal wave of requisitions, creating an impossible juggling act for recruiters (see Figure 1). If and when overwhelmed recruiters do unearth strong candidates, it's harder to seal the deal. Of those applicants who recently accepted an offer, 72% had at least one other option on the table.[3]

Figure 1. Challenges Faced by Recruiters Since the Pandemic Began
Percentage of Recruiting Staff



n = 247 recruiting staff
Source: 2021 Gartner Recruiting and Sourcing Survey

Hiring more recruiters won't fix this crisis — for one thing, there's a shortage of recruiters, too.[4] Instead, sourcing and bringing aboard new talent must become a team sport, and quickly. That means executive leaders and their management teams must:

- Prioritize openings based on threats to business continuity
- Seek out and engage candidates
- Be open to candidates with potential, not credentials
- Streamline assessments and interviews to accelerate decisions

Prioritize Hiring Needs Based on Threats to Business Continuity

When an employee leaves, most hiring managers look to backfill the position immediately. But in this overheated labor market, they must make trade-offs. Executive leaders must focus on roles that keep the business afloat; step out of the way if yours isn't one of them. A retailer may need web developers for online sales growth, but the company will shut down without stockers and cashiers in stores.

5 Questions to Prioritize Hiring Needs

Executive leaders and hiring managers need to help their recruiting partners understand which open requisitions are most important to business continuity. Of course, all roles seem critical, so walk through these questions to consider which requests to hire must go on the front burner and which can wait until another day:

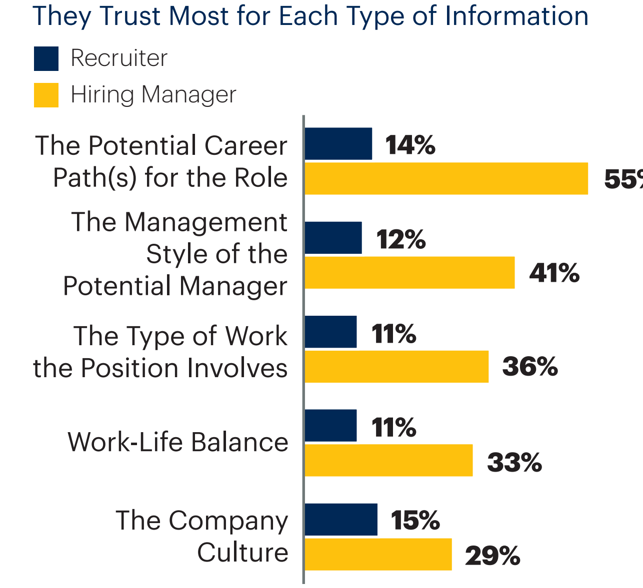
- If this role remained unfilled for three months, how hard would it be to maintain operations?
- If this role remained unfilled for three months, how much would revenue be affected?
- How many other roles, business units or departments rely on this role to complete their own work?
- Are other options available (e.g., internal talent, contingent labor) to complete this role's most critical tasks?
- How challenging is it to hire for this role on the external market?

Get Involved in Candidate Sourcing and Engagement

The best candidates don't need to submit applications for lots of jobs — now they wait for companies to reach out to them. Recruiting teams typically do most of this outreach, but hiring managers are actually more effective:

- **An expression of interest from a hiring manager stands out.** Recruiters are flooding candidates with notes on digital platforms. Messages from managers can come across as more genuine and tailored to the candidate, making it easier for them to sustain engagement over time. When hiring managers (not recruiters) are the first to make contact about an opportunity, candidates are 8.4% more likely to accept an offer.[5]
- **Candidates trust hiring managers more than recruiters for information on day-to-day life in the role.** Jobseekers aren't interested in broad messages about the company's culture; they want to know what it feels like to work there. This fact is particularly crucial at a time when employees are thinking more broadly about what they want in a job and may have questions about how a role would contribute to the quality of their life, not just their career (see Figure 2).

Figure 2. Levels of Trust in Recruiter Versus Hiring Manager
Percentage of Candidates Selecting Source They Trust Most for Each Type of Information



n = 6,368 candidates
Source: 2019 Gartner Candidate Survey

Arm Ltd., a technology company based in the U.K., identifies hiring managers with the motivation and skill to source talent and who hire for roles that are hard to source. Then, the recruiting team assigns managers to activities that leverage their strengths such as identifying potential profiles with sought-after skills, connecting with candidates at industry events and cultivating ongoing relationships with high-quality candidates (see Figure 3).

Source Candidates With Potential, Not Credentials

Degrees, previous job titles, years of experience and former employers traditionally served as a proxy for candidate quality.

Specific credentials don't matter so much now. Online certification programs, organizational skills accelerators and side hustles have led people to develop skills outside formal degree programs or jobs. Further, 62% of candidates say they've explored a career change during the last year.[3] They are looking to take their skills across industries and functions.

Executive leaders should work with hiring managers to build understanding that a quality candidate may not have the degree or functional experience they're looking for. A prospective hire should have certain strengths, such as problem solving, learning agility and interpersonal communication — traits that enable new hires to contribute in multiple ways, even after their niche skills are no longer required. For more role-specific needs, consider people with adjacent skills whom you can train over a short time frame. You could even consider stretch promotions for employees, especially into leadership roles that might benefit from someone with company knowledge and networks. It's easier to fill the more junior role that would open up.

Figure 3. Arm's Hiring Manager and Recruiting Sourcing Activities

Hiring managers partner with recruiters to source candidates beyond their personal network.

Sourcing Activities	Identify Passive Candidates	Engage Candidates	Cultivate Talent
Hiring Manager Sourcer Role and Responsibility	**Understands Role Profile** Scans the labor market to look for profiles with key and emerging skill sets.	**Demonstrates Industry Expertise** Reaches out directly for initial conversations or follow-up after attending industry talks or conferences.	**Provides Business Relevant Updates** Has infrequent but targeted candidate catch-up conversations.
Recruiting Partner Role and Responsibility	**Nurtures Pipeline** Builds out larger networks of talent using identified key profiles.	**Uses Recruiting Expertise** Partners with the hiring manager to discuss sourcing strategy and best practice.	**Reduces Candidate Effort** Signposts candidates to career opportunities and helps critical talent navigate the application system.

Source: Adapted From Arm

However, hiring (or promoting) for potential also requires greater support for employees taking on a completely new position. Balance development plans with projects that build confidence. Connect new hires with a support network that will help them get up to speed in short order. For example, U.S. pharmaceutical maker Lilly developed an apprenticeship program to alleviate a shortage of enterprise architects (EA). EA leaders at Lilly identified employees with experience in IT who were pegged by management as high performers and were committed to stay in the program for the full nine-month duration (see Figure 4). The apprenticeships produced architects and also expanded architecture skills outside those roles.

Streamline the Assessment and Decision Process to Move Quickly

Interviewing and making the hiring decision are often the longest part of the hiring process — and the most frustrating part for candidates. Don't dawdle. You no longer have the luxury of waiting to see just a few more contenders, even if you've found someone you like.

That said, you don't need to sacrifice decision quality to get speed. Just be more targeted about who gets involved in the interview process and why. Multiple rounds of interviews with multiple stakeholders may not be all that helpful. Instead of building confidence, all that input often results in conflicting feedback that makes it harder to reach a conclusion.

Figure 4. Lilly's Approach to Expanding the Architect Pipeline

Source: Adapted From Lilly

Work with recruiters to select only the interviewers who have expertise in relevant skills. For example, an IT manager role may require interviews from an expert in the technical skills required and an expert in leadership competencies.

For roles with similar skill sets, consider scaling available expertise. For instance, the recruiting team at Shell, a transnational oil company, created a community of talent assessors who develop interviewing skills through training and repetition. These assessors also have a strong voice in the final hiring decision; it's not up to the hiring manager alone.

Charles Schwab, a U.S.-based financial services company, holds hiring sprints for sets of 6-15 similar roles. Hiring managers hold interview blocks when recruiters can put candidates directly on the managers' calendars. After interviews, hiring managers hold joint debrief sessions to share feedback and make immediate hiring decisions. These executives can calibrate their interview experiences against those of others to improve and accelerate their hiring decisions.

[1] U.S. Bureau of Labor Statistics. Job openings are 57% higher in October 2021 than they were in February 2020.

[2] 2020 Gartner Future of the Recruiter Survey; 2021 Gartner Recruiting and Sourcing Survey

[3] 2021 Gartner Candidate Panel Survey

[4] Gartner TalentNeuron analysis. There has been a 146% increase in job openings for recruiters between January 2020 and August 2021.

[5] 2019 Gartner Candidate Panel Survey

Figure 5. Shell's Profile of the Talent Assessor Role
Illustrative

"As a leader in Shell, you may wear several hats in recruiting the best and brightest to Shell." ← Assessor role positioned as a privilege

Hard criteria:
- Minimum job grade and seniority
- High performance in role ← Potential, not just performance
- 5+ years' work experience (can be outside Shell)
- Expectation of 10 to 15 assessments per year, based on demand ← Increases interview reps but not the burden

Soft criteria:
- Social skills — Building relationships, showing empathy to others
- Interviewing skills — Listening attitude and good probing skills
- Judgment skills — Translating answers and information to scores ← Judgment within an organizational frame
- Credibility/reputation — Representing the relevant business, having a reputation in business area

Source: Adapted From Shell

4 Hard Questions to Ask About Your Company's Fairness Strategy

by Brian Kropp, Jessica Knight, Devika Chopra, Kartik Deo, Rebecca Lane, Caroline Ogawa and Jonah Shepp

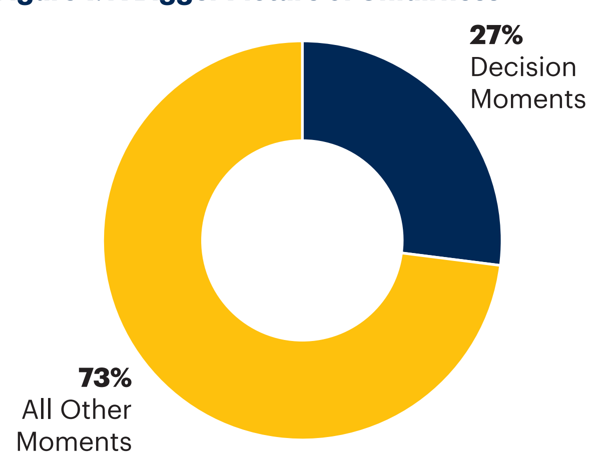
The COVID-19 pandemic has brought to light a difficult, often overlooked truth: To drive overall better performance and success as a company, organizations must be fair to all of their employees.

As some executives have recently discovered, the fairness of employees' experiences and a corporation's mission and purpose are linked. Almost nine out of 10 Fortune 100 companies now list equity as one of their corporate values.[1] Mentions of diversity, equity and inclusion (DEI) on S&P 500 earnings calls have increased 658% since 2018.[2] And the chief purpose officer, an emerging C-suite position dedicated to societal, cultural and political issues, has been generating new buzz.[3]

Despite this attention, the divide is growing between companies and workers. Of the 3,500 employees we surveyed worldwide, only 18% said they work in a high-fairness environment, as measured by how they believe their employer handles various aspects of the employee experience, such as talent management, promotion and pay. This finding is deeply troubling, not only for HR departments but the entire C-suite, as fairness affects the way an organization allocates resources, uses technology, communicates internally and externally, and makes decisions about strategy and risk. Perhaps most importantly, employees who see their experience as fair show up to 26% higher levels of performance and up to 27% higher levels of retention.[4]

These data points, while concerning, should not suggest that employers have failed to act. In fact, the opposite is true: Many organizations have established progressive recruiting and remuneration policies, taking care that no candidate or employee gains an unfair advantage over another in hiring, promotions and pay raises. Such policies help mitigate bias and inequity at important junctures in the employee life cycle. However, these moments only account for one-quarter of employees' perceptions of unfairness. The rest happens in their day-to-day experience (see Figure 1).

Figure 1. A Bigger Picture of Unfairness



n = 3,500 employees
Source: 2021 Gartner ReimagineHR Employee Survey

A truly fair employee experience isn't only about well-crafted DEI initiatives for historically unrepresented employees. It's about designing an employee experience that is fair to all employees. For instance, Donald Fan, senior director of the global office of culture, diversity, equity and inclusion at Walmart, told us:

"A level playing field is not just for women or people of color; it's for everyone. Everyone has the same starting point, the same resources, access to information and tools, and is also being invited to decision-making processes. That's the environment we're trying to build to make sure our white male associates don't feel left behind. We will offer them the right tools to become allies and champions. We can't afford for them to stand by and not be engaged in our journey."

As Fan suggests, organizations need philosophies, not just policies. With the workforce becoming more diverse and physically stratified (e.g., fully remote versus in-office versus a mix of the two), it's time to develop talent strategies that account for every employee's unique circumstances. Think of it as an automatic door — an invention conceived specifically for people with limited mobility that benefits everyone.

Four Elements of a Fair Experience

Executive leaders should check the fairness of the work environment by considering these questions.

Are Employees Informed?

In their personal lives, employees can search online and instantly evaluate and compare the products, services and providers they use. Yet at work, they can't easily find out how to get promoted or change career tracks, or whether to ask for a raise. In one survey by The Org, 70% of employees said they would take one job offer over another because one organization was more transparent.[5]

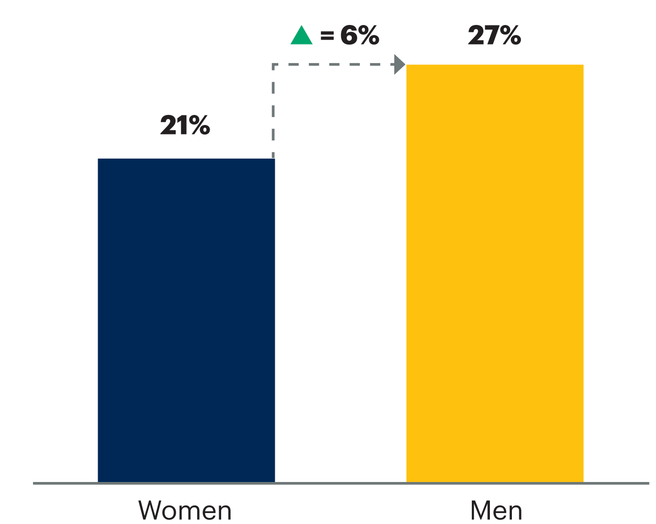
The problem, more generally, is that organizations tend not to share too much information with employees: only 33% practice information transparency.[4] In some cases, there is good reason for this. HR leaders, for example, worry about sharing sensitive information too broadly or giving employees too much information without proper context or guidance on how to use it.

But efforts to contain sensitive information are often fraught. For one, data often leaks out anyway — and unevenly. Male candidates are more likely than women to obtain advance information about the recruiting process, such as who will interview them or what kinds of questions they will be asked (see Figure 2).

The recruitment process is also rife with such inequities. Employees who've been overlooked for pay raises often find out about the higher salaries of new recruits, while external candidates tend to learn more about pay scales than current employees during the hiring process. This lack of transparency fuels suspicion and resentment, which can lead to attrition.

The encouraging news is that some organizations are taking innovative steps to improve transparency in their talent processes. P&G, a U.S.-based consumer goods company, has made its interview questions available to all candidates online.[6] Buffer, a social-media management platform, has made its product roadmap public, so everybody knows what everyone is working on.[7] Software developer Gitlab has put its employee handbook online and allows employees to upvote and downvote specific policies.[8] Cafcass — short for Children and Family Court Advisory and Support Service, which represents children in family court cases in England — shares performance data with employees and managers at the same time.

Figure 2. Information Asymmetry in Talent Processes
Employees Given Preparatory Materials in Advance of Interview or Assessment



n = 3,500 employees
Source: 2021 Gartner ReimagineHR Employee Survey

In each example, the organization provided two important additional components of transparency:

- **Balance —** The information is made available to all employees at the same time.
- **Actionability —** The information is augmented by helpful guidance on how to use the information.

Transparency with guidance leads to overall better fairness outcomes: More than half of the employees whose organizations provided both report a high-fairness experience.[4]

Are They Supported?

During the COVID-19 pandemic, employees have experienced unprecedented levels of burnout, fatigue, depression, anxiety and disruption to their work-life balance. In response, 64% of organizations have offered new well-being benefits, such as counseling services and self-care tools.[9] Despite these initiatives, only 32% of employees say they feel supported at work.[4]

Even more striking is the difference in perception between working parents and those without children at home. Thirty-seven percent of parents said they felt supported by their employer, compared with 27% of employees without children.[4] Without a doubt, employers have done a lot to help working parents during the pandemic. At the same time, conflicts at high-profile tech companies made headlines last year and sparked a debate over whether policies meant to support parents were fair to others; some workers without children perceived they were being left to pick up the slack.[10]

Resentment has also flared among in-office workers who asked about colleagues who were granted more flexibility (e.g., "Why do they get to decide where and when they work, but I don't?"). Their envy is understandable, considering that 45% of employees with any type of flexibility said their job was good for their mental health and well-being, compared with just 26% of employees with no flexibility.[4]

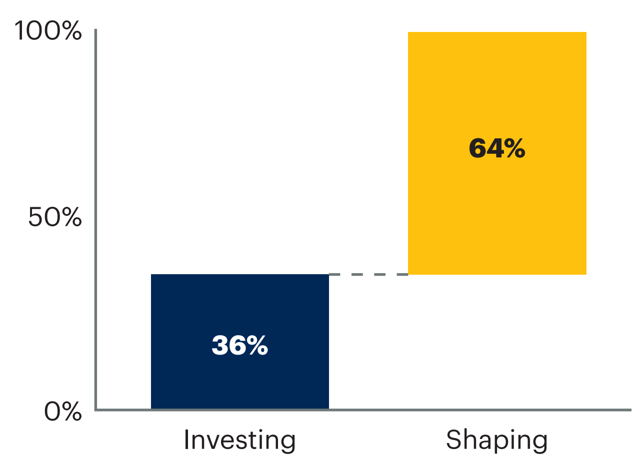
Employers should view this conundrum from a broader perspective. To be sure, they don't have infinite capital resources to give employees every form of support they could ever want. On the other hand, not every employee wants or needs the same set of benefits or accommodations. It's unfair to offer something to one group and not another, just as it is unfair to take support away from employees who need it the most.

The employee experience depends only partly on the investments the organization makes and largely on how the organization shapes perceptions of the experience (see Figure 3). That doesn't mean tricking or manipulating employees into thinking they're getting support when they're really not; it's about helping them understand how everyone can benefit — them, their colleagues and the organization.

This framing involves three components:

- **Tell the story —** Be explicit about why HR is providing the support and how it will help the organization achieve its goals.
- **Design for all —** Wherever possible, design the support to be universal, even if it is primarily intended to benefit a specific segment of the workforce.
- **Shape the comparison —** Acknowledge that all employees are struggling in different ways and help them understand why different people need different things.

Figure 3. Relative Impact of an Investment Approach and a Shaping Approach
Percentage of Variance in Employee Experience Satisfaction



n = 2,848 employees

Source: 2019 Modern Employee Experience Workforce Survey

Note: Reported talent outcomes compare the maximum difference in outcomes of employees whose organizations are at an average level and a high level of the shaping approach. The reported high-performance talent outcome considers an employee's effectiveness at performing day-to-day work tasks and enabling and improving the work of colleagues.

Are They Considered?

When employees feel considered for opportunities they are qualified to pursue, more than one in two report a high-fairness experience.[4] However, only 18% of employees feel that way.[4]

Traditionally, organizations tread two paths to expanded opportunities: (1) asking managers to consider more candidates for promotions or growth opportunities and (2) encouraging employees to raise their own profiles. The first puts too much pressure on managers, who often default to hiring or promoting people they know can do the job, while the second puts too much responsibility on the employees themselves.

To strike a balance, the organization should take a page from innovative talent strategies that rely on employees to support their colleagues, such as peer networks, peer-to-peer development and coaching, and employees leaning in to help with each others' workflows. Might there be a similar, peer-driven strategy for expanding access to opportunities? Just as most organizations use employee referrals to source new talent externally, why not leverage the power of employee referrals for internal opportunities as well?

Employees know more about what their peers are capable of than managers do, and a system to involve them can also combat perceptions that the organization offers better opportunities to external candidates than to current employees.

Take three steps to create an internal referral program that is fair and effective:

- **Set expectations** with employees that they will recommend their peers when they see opportunities emerge.
- **Build mechanisms** that help employees understand the workflows of other parts of the organization, so they can make sure those they recommend are qualified.
- **Monitor the program** to evaluate whether it's producing the desired results.

Are They Acknowledged?

Finally, employees need to feel that their contributions to the organization are noticed. Only 24% of employees said they felt acknowledged when we surveyed them in the summer of 2021.[4] The rise of remote work has put distance between employees and managers and made it harder for managers to see and recognize the work their team members do. As the world moves toward a more permanent hybrid-working environment, this gulf will grow.

Employees who work in a remote or hybrid setting told us in May 2020 they were performing just as well as those who work in a shared office, if not better.[11] Despite this, 64% of managers say those who come into the office are higher performers than remote workers, and 72% say on-site workers are more likely to be promoted.[12] This bias can worsen gender inequality, as women are more likely than men to work remotely, if given the choice.

To overcome this challenge, HR leaders must find new ways to spotlight the contributions of all employees, no matter where or how they work. Remote employees generate a lot of data in their virtual interactions, revealing with whom they collaborate most, how often they interact with their colleagues and how much they participate in meetings. The future of employee evaluation will combine manager, peer and technological inputs to render a complete and more accurate — and fairer — picture of employee contributions.

As they incorporate technological inputs into performance evaluations to illuminate employee contributions, leaders must ensure that employees are partners in the process. Employees should:

- Be comfortable with and consulted on the privacy implications of the technology their employer is adopting
- Understand how the data will be collected, what it will be used for and how it relates to their work
- Be aware of what behavioral changes will affect the evaluation's results

A New Fairness Philosophy

Combined, these steps allow companies to create employee experiences that are fair to everyone (see Figure 4). The goal of this integrated framework is to guarantee that every employee feels informed, supported, considered, acknowledged and seen by their organization.

Figure 4. Framework for a More Fair Employee Experience

Source: Gartner

[1] Gartner analysis of value statements of Fortune 100 companies.

[2] Gartner analysis of earnings calls transcripts for S&P Global 500 for 1Q18 and 1Q21.

[3] The C-suite Job of the Future: Chief Purpose Officer, Axios; The New C-suite Leaders Supporting Talent Strategy, Fortune.

[4] 2021 Gartner ReimagineHR Employee Survey: This survey was conducted online from 28 June 2021 to 19 July 2021 and contains responses from 3,500 full-time employees, including individual contributors and managers across 13 countries, 23 industries and 20 functions. The survey design and development, administration and data analysis was done by Gartner's HR practice research team.

[5] What Does Transparency in Business Look Like After a Global Pandemic?, The Org.

[6] Your Steps to Success, P&G.

[7] Building in the Open: Introducing Buffer's Transparent Product Roadmap, Buffer.

[8] Handbook, GitLab.

[9] 2020 Gartner Well-Being Benchmarking Survey. This survey was administered to a random group of Gartner client HR leaders between September and November 2020. Respondents included 53 total rewards leaders globally. The survey design and development, administration and data analysis was done by Gartner's HR practice research team.

[10] Parents Got More Time Off. Then the Backlash Started, The New York Times.

[11] Gartner ReimagineHR Employee Survey (May 2020). Months into pandemic-driven shutdowns of offices, 83% of employees reported they were more productive working from home and 78% agreed they want to work remotely to avoid distraction. For more, read: Remote Work After COVID-19.

[12] 2020 Gartner Improving Employee Engagement Survey. This survey was conducted in November 2020 among a respondent pool of over 5,000 employees and managers worldwide, including 2,971 managers. The survey design and development, administration and data analysis was done by Gartner's HR practice research team.

The Whiteboard

Big Questions About Supporting Frontline Workers

by Dian Zhang

Contributions by Leif-Olof Wallin, Graham Waller, Dana Stiffler, Carolina Valencia, Sam Grinter, Dhawal Chawla, Rishit Shah, Christopher Scott Lane, Eric O'Daffer, KC Gentzel, Joe Tennant, Annette Jump, Emily Potosky, Jennifer Irwin and Simon Jacobson

Contrary to popular belief, executive leaders can, and should, offer more control and opportunity to employees on factory floors, in warehouses, at call centers, behind food counters and at the wheel of delivery trucks. It's time to help them — or lose them.

Let's head to the whiteboard and sketch out how to meet these requirements for line workers, which is the biggest portion of the global workforce, 2.8 billion strong.[1]

Who Are Frontline Workers?

Their jobs typically require them to be **physically present in the workplace.**

Service Workers

The **face** of the organization for clients or stakeholders.

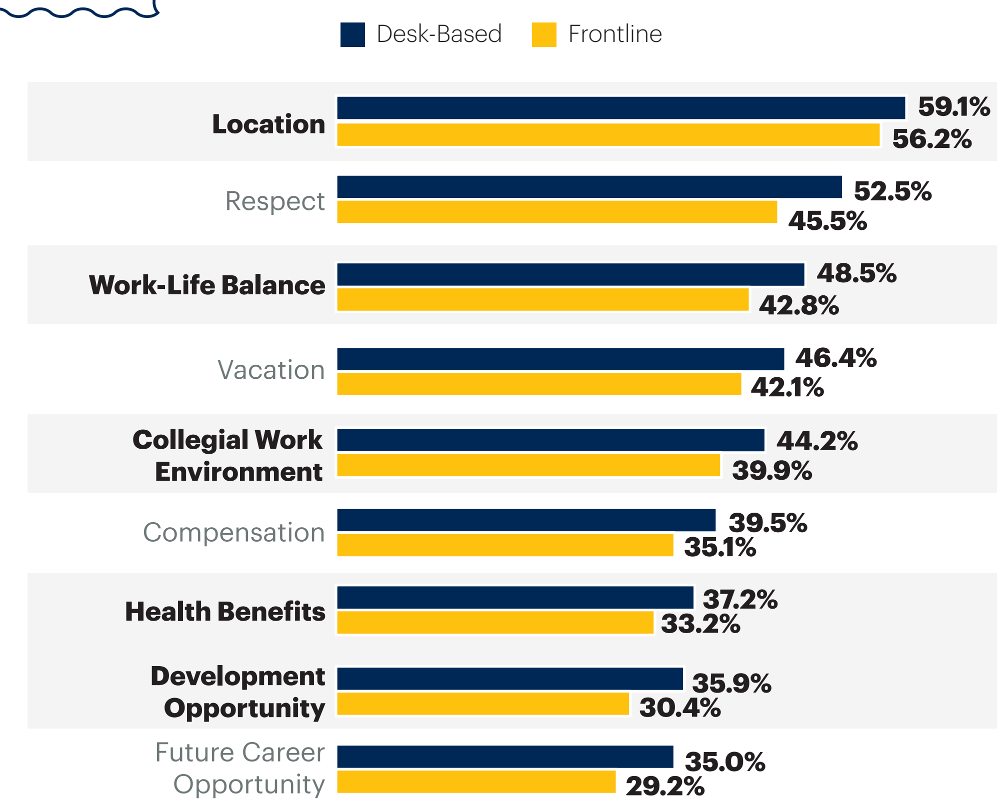
Task Workers

The **heart** of the organization — they keep it operating.

What Are Their Unmet Needs?

Are you **satisfied with these characteristics** in your current job?

Percentage of Desk-Based and Frontline Employees Who Selected 'Agree' or 'Strongly Agree'



n = 72,017 employees

Source: 2021 Gartner Global Labor Market Survey

How Can We Offer More Flexibility?

Where They Work

- ***Guide managers*** to work with direct reports to decide which activities can be completed off-site (e.g., administrative or digitally enabled tasks).
- ***Provide employees*** with higher autonomy by creating guidance allowing them to choose what work site locations are best suited for tasks and activities.

Case in Point

- ***Robots:*** Use sensors to inspect assets anywhere.. can even open valves or control switches.
- ***Drones:*** Inspections from a distance of power lines and security.[2]
- ***Lidar*** (light detection and ranging): Combine with robots/ drones for surveys/mapping.[2]

A Spot robot monitors a construction site. (Photo courtesy of Boston Dynamics)

Easy Aerial offers a "drone in a box" that can be prelocated in remote locations and activated when needed; the drone returns to the container for recharging.[3]

When They Work

- Give employees options for when to start and end each work day.
- Enable employees to trade shifts via a virtual scheduling platform or chat pod.
- Adjust scheduling as needed (e.g., four 10-hour days instead of five eight-hour days).
- Create more predictability in scheduling. For example, allow employees to opt out of last-minute schedule changes.
- Offer opportunities for collaboration performed individually when convenient with handoffs to colleagues (e.g., reviewing company communications).

Case in Point

- ***Mercedes-Benz Group AG:*** Testing a model that takes factory workers' shift preferences into account.[4]
- ***Home Depot:*** Customer service agents can take their total 90 minutes of break time in whatever increments and whenever they want ...

... except during the first or last hour of their shift.[5]

What They Work On

- Provide transparency into the types of projects available.
- Coach employees to align work with their career aspirations and flexibility needs on the job.

- ***T-Mobile:*** Customer service reps can get creative ...

... such as offering a less expensive better-fit service that might also improve retention.[5]

Who They Work With

- Allow employees to choose who they partner with onsite.
- Allow employees to share their workstyle preferences.

- ***Boots Opticians:*** Front line can use Shifts in Microsoft Teams to view the whole team's schedules.

Choose colleagues by requesting swaps.[6]

How Much They Work

- Allow employees to reduce workloads (e.g., for a proportional decrease in pay).

- ***Olathe (Kansas) Public Schools:*** Teachers can share jobs.[7]

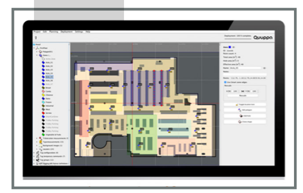
NICE Employee Engagement Manager ... this app lets the line accept or reject shift change requests.[8]

How Can We Improve Frontline Safety And Wellbeing?

Technologies can monitor physical safety.

Device integrated with hard hat to locate and monitor worker including man down situations

(Photo courtesy of WakeCap)



Proximity alerts and contact tracing solution. Can also be used for analysis of proximity data of movements to identify potential dangerous patterns

(Photo courtesy of Quuppa)

Drowsiness detection device

(Photo courtesy of Fujitsu)

Emotional Support

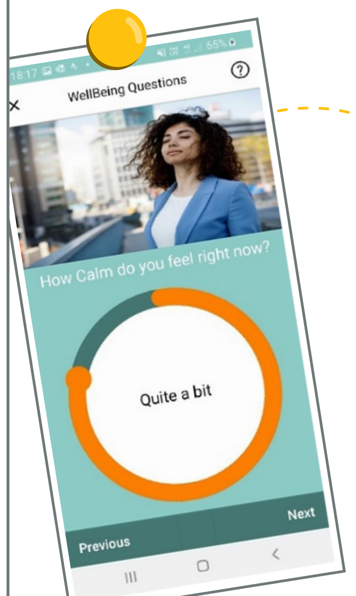
Starbucks offers up to 20 therapy sessions a year for U.S. employees and their eligible family members.[9]

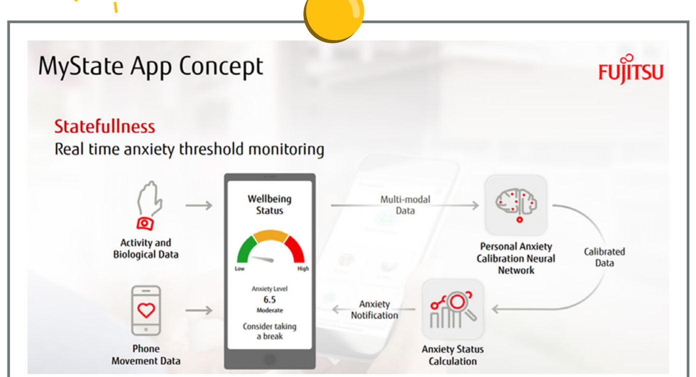
Anglian Water Group offers an on-demand 20-min break for customer service reps to recover from emotionally draining work.[5]

Fujitsu is developing a MyState app that measures employee anxiety. This app is expected to launch by the summer of 2022.

Also, for neurodiverse employees: Fujitsu's BuddyConnect app links worker with a mentor or trusted partner when support is needed.

Used internally at Fujitsu and externally by customers.[10]



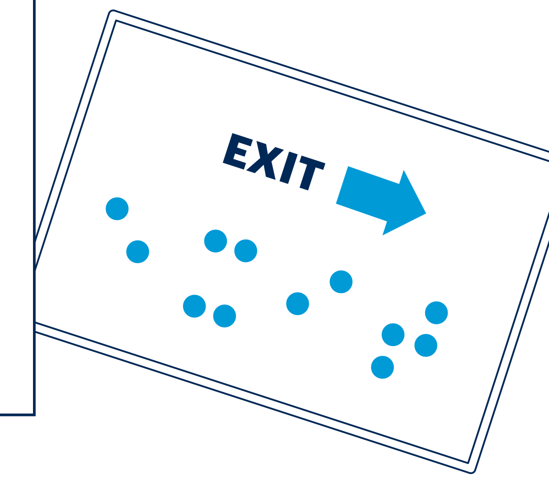


(Photos courtesy of Fujitsu)

Can We Help Workers with Disabilities — and Expand Our Talent Pool?

In its factory in Brazil, where 20% of the manufacturing workforce was made up of people with disabilities, Dell Technologies has experimented with:

- ***Inclusive communication*** such as Braille on all signage and instruction in sign language for all team members
- An ***app that converts sounds into images*** so people with hearing loss can test laptop speakers
- A ***motorized wheelchair*** that brings an employee with lower limb disabilities to a standing post on the assembly line, then safely lifts and holds the person upright.[11]

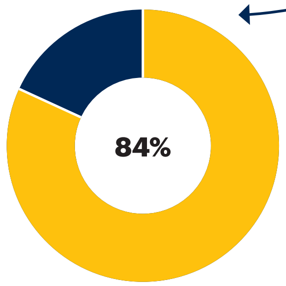


An employee using the sound-to-image converter on the assembly line at Dell Technologies' factory in Brazil.

(Photo courtesy of Dell Technologies)

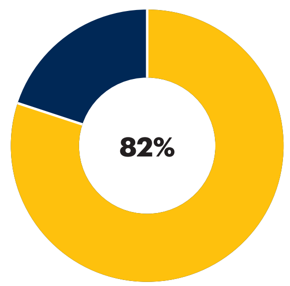
How Can We Provide More Learning Opportunities?

Case in Point **Reshaping Manufacturing's Frontline**[12]



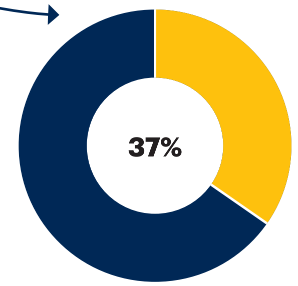
of manufacturing professionals are **upgrading their learning and development programs.**

(n = 178)



of C-level respondents are **updating and streamlining manufacturing role portfolios.**

(n = 89)



of all respondents are **prioritizing establishing affiliations** with industry and academia to build talent capabilities.

(n = 438)

Apprenticeships

Company-owned: North West Ambulance Service in the UK [13]

Government-sponsored: U.S. Department of Labor's Women in Apprenticeship and Nontraditional Occupations for women, European Alliance for Apprenticeships, and Australian Apprenticeship Support Network [14]

Led by industry association: Health Care Apprenticeship Consortium [15]

Education Investment

JBS USA and Pilgrim's launched **Better Futures program** to cover college tuition for qualified employees. [16]

How Can We Get Started?

Secure buy-in from the business for implementing emerging technologies.

Help frontline workers update their skills as their jobs increasingly include automation.

Communicate your achievements to existing and future employees to increase engagement and attract new talent.

[1] Gartner Hype Cycle for Frontline Worker Technologies, 2021
[2] Gartner Future of Work Trends: 5 Trends Shaping the Future of Frontline Workers
[3] Gartner Cool Vendors in Frontline Worker Technologies, 2021
[4] "Factory 56". Mercedes-Benz Cars increases flexibility and efficiency in operations, Mercedes-Benz Group AG, https://group.mercedes-benz.com/innovation/production/factory-56.html?r=dai
[5] Gartner Reducing the Cost of Rep Disengagement
[6] "Boots Opticians uses Microsoft Teams to keep frontline workforce seeing 20/20 for improved customer care", Microsoft, https://customers.microsoft.com/en-us/story/1389389013997547605-boots-opticians-retailers-teams
[7] Employee Info, Olathe Public School, https://www.olatheschools.org/domain/2799
[8] "NICE Employee Engagement Manager", NICE, https://www.nice.com/products/workforce-engagement/workforce-management
[9] Starbucks Transforms Mental Health Benefit for U.S. Employees, Starbucks, https://stories.starbucks.com/press/2020/starbucks-transforms-mental-health-benefit-for-us-employees/
[10] BuddyConnect – Building an inclusive workplace for neurodiverse staff, Fujitsu, https://digitalworkplace.global.fujitsu.com/buddyconnect-building-an-inclusive-workplace-for-neurodiverse-staff/
[11] Gartner Supply Chain Executive Report: Power of the Profession Awards
[12] 2020 Gartner Smart Manufacturing Strategy and Implementation Trends Survey
[13] North West Ambulance Service encourages people to apply for exciting apprenticeship, News and Star, https://www.newsandstar.co.uk/news/19742079.north-west-ambulance-service-encourages-people-apply-exciting-apprenticeship/
[14] WANTO Grant Program, US Department of Labor, https://www.dol.gov/agencies/wb/grants/wanto; European Alliance for Apprenticeships, European Commission, https://ec.europa.eu/social/main.jsp?catId=1147&langId=en; Australian Apprenticeships, Australian Government, https://www.australianapprenticeships.gov.au/employers,
[15] Health Care Apprenticeship Consortium, https://healthcareapprenticeship.org/
[16] Better Futures – A Hometown Strong Program, JBS, https://betterfutures.jbssa.com/

Personal Fulfillment Is the Secret to Highly Engaged Legal Teams

by James Crocker

Twenty-six percent of lawyers are highly engaged in their work, while an additional 64% are moderately engaged.[1] Many general counsel and human resources professionals will look at these numbers and see no cause for concern. However, the difference in outcomes between moderately and highly engaged lawyers is stark.

Lawyers who are dedicated to and energized by their work, as well as committed to their organization, are:

- 143% more likely than their moderately engaged colleagues to show high discretionary effort
- 70% more likely to explore novel ways to help business partners meet objectives
- 30% more likely to explore ways to improve department processes
- 17% less likely to actively look for another job[1]

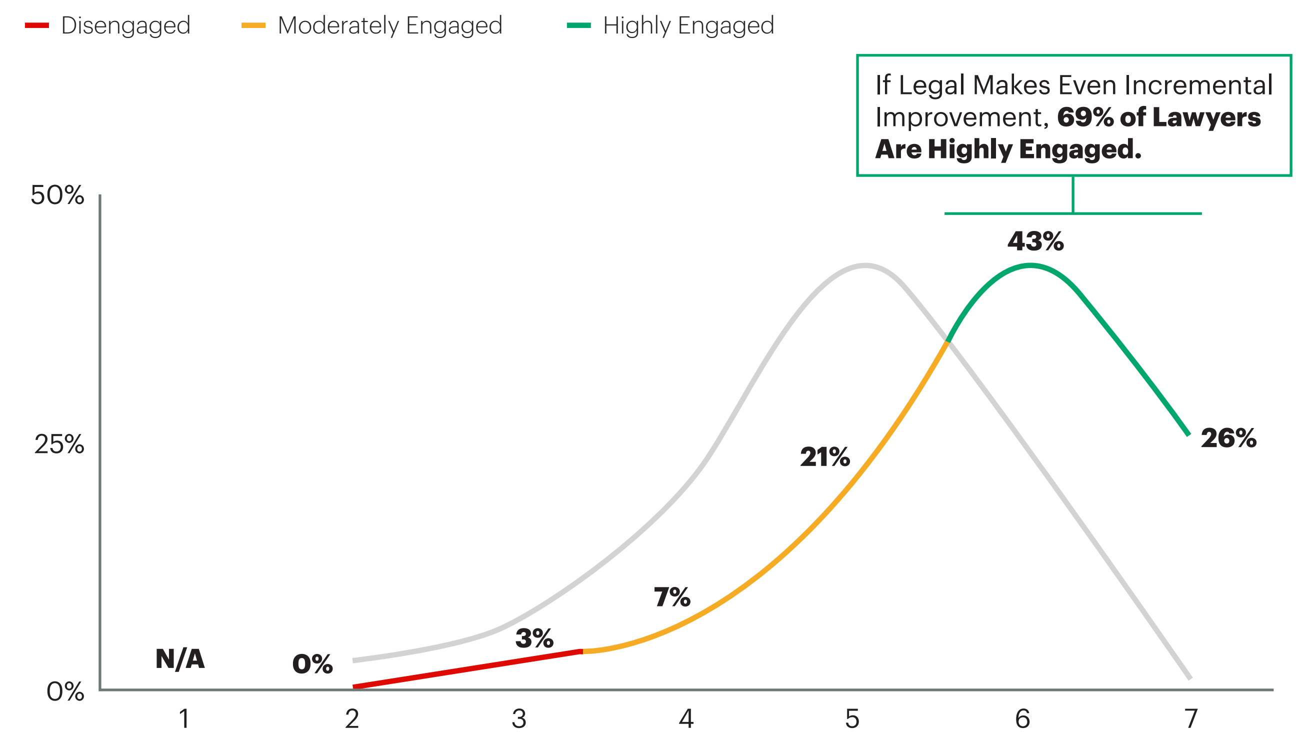
The lesson is clear. When it comes to engagement, good enough is not good enough. If general counsel want a legal team that enables the business to take risks and capture value in a disrupted and ambiguous environment, they need lawyers who are highly engaged. Nothing else will do.

Great Engagement Is Within Reach

While most lawyers are moderately engaged, many are on the cusp of high engagement. Even an incremental improvement can make a big difference to engagement (see Figure 1; Note: The gray line represents the current distribution of lawyer engagement.).

With a little effort, general counsel can reach almost 70% high engagement. All their lawyers need is a little help to break through.[1]

Figure 1. Incremental Change in Engagement Distribution for Lawyers
Percentage of Lawyers at Each Level of Engagement Based on Departmentwide Incremental Improvement in Engagement[a]



n = 202 corporate lawyers
Source: 2021 Gartner Corporate Lawyer Engagement Survey
[a] Where incremental improvement means moving every lawyer up 1 point in engagement on a 7-point engagement index

The Path to Great Engagement Runs Through Personal Fulfillment

Many general counsel believe that the best way to engage their lawyers is through title and compensation increases, along with the career development opportunities that set lawyers up for these gains. However, these traditional trappings of success aren't the best places to invest to improve lawyer engagement.

Corporate lawyers do want to reach the next step on the career ladder, but relatively flat corporate legal structures, combined with low turnover in senior positions, can make this difficult — and development opportunities are not an adequate substitute. In addition, corporate lawyers have already decided against a more lucrative career in a law firm. Chances are, if they work in-house, money is not their overriding motivation.

The best way to engage lawyers is to make sure they have work that is personally fulfilling — which has a 51% greater impact on engagement for corporate lawyers than total rewards, which includes compensation and benefits.[1] This means that it's much more effective to focus on what lawyers get out of their work than what they get paid to do it.

How to Give Lawyers Personally Fulfilling Work

What exactly constitutes this type of work? There are two important components:

- Alignment between lawyers' interests and their jobs
- Belief that lawyers' work is having an impact on the business

General counsel need to find the optimal balance between lawyer interest and department need, and to make sure lawyers have, and see, maximum impact on their organization.

Finding the Sweet Spot Between Lawyer Interest and Department Need

In theory, it should be easy to identify what lawyers want. In an ideal world, general counsel could just ask them. Unfortunately, in practice, this isn't quite as straightforward. Lawyers, like people in most professions, usually don't have a completely clear sense of what motivates them in work and life. That's why Scott Nehs, General Counsel at Blue Cross, Blue Shield Association (BCBSA), a federation of U.S. health insurance companies, asked legal team members to take a survey to help them identify what motivates them. This wasn't an engagement survey, and it wasn't concentrated on specific legal subject matter areas, either. Instead, the questions sought to uncover what was important to lawyers as individuals (see Figure 2).

After completing the survey, lawyers were given a report that scored them across different possible motivations (e.g., mission-driven, status-oriented) along with insights for each motivation. Legal managers were also given a report for their team, listing the top two motivators for each team member.

Scott Nehs

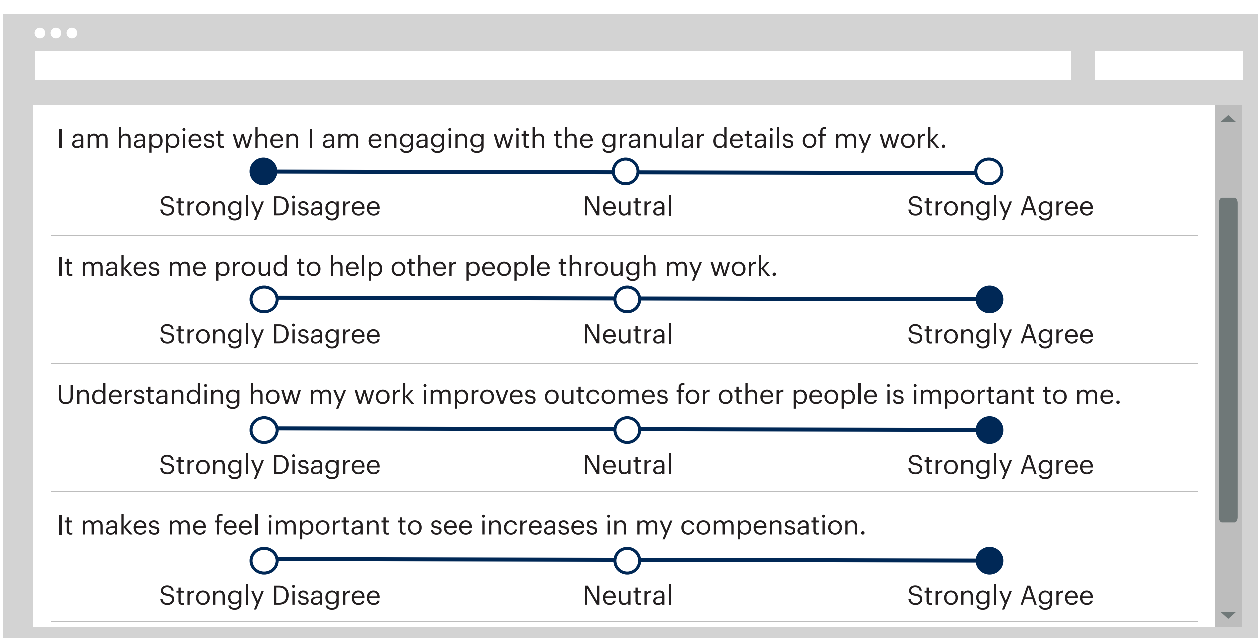
Senior Vice President, General Counsel and Corporate Secretary, Blue Cross, Blue Shield Association

The combination helped team members think about what they really want out of their job, and gave managers fodder for a conversation about work allocation that took into account factors beyond availability, expertise and development.

BCBSA's legal department used a survey, any type of guided reflection, such as discussions on developing individual vision and value statements, can lead to similar results. What matters most, for legal leaders, is to systematically uncover and document what motivates lawyers at scale. They can use that information to make sure the thing that gets lawyers up in the morning is a meaningful part of their work.

Figure 2. How BCBSA's Survey Architecture Clarifies Lawyer Motivators

Illustrative



Source: Adapted From Blue Cross Blue Shield Association

To make sure that the survey results were used, Nehs developed a simple but powerful organizing framework to help managers contextualize current and future work for attorneys against what motivates them (see Figure 3).

Figure 3's vertical axis shows the difficulty of implementation: how easy or hard it will be to find the right types of projects that connect best with an individual's motivator profile. The horizontal axis shows the time needed to gain access to those opportunities. The bottom-left quadrant includes work lawyers are doing that already aligns with their motivation. It's possible that an attorney might not realize that this is the case, which presents an opportunity for the manager to help establish the connection. The top-left quadrant shows the near-term opportunities that exist within the team. The manager might have to shuffle around some projects to make it happen, but with some effort, they can assign lawyers work that aligns with their interests.

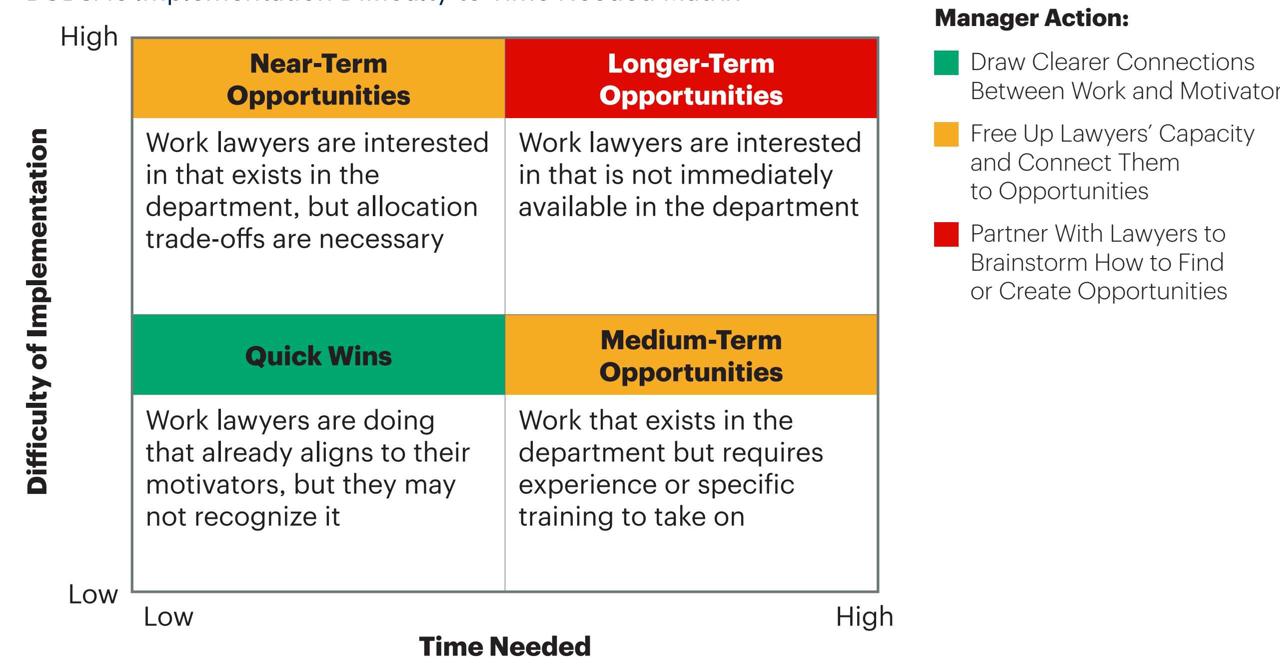
The two quadrants on the right-hand side of the chart tell a somewhat different story. They will require more time to align lawyers to their interests. On the bottom right are work projects that could serve as medium-term opportunities — perhaps the project needs additional expertise or training — but could represent a future goal the manager and lawyer work toward.

The top-right quadrant is a little trickier. If most of what motivates a lawyer falls into the box of high difficulty to implement and high amount of time needed, then it would prompt an important discussion about the attorney's long-term career and role within BCBSA's legal department. Nehs shared his philosophy around this type of discussion: "We want to work together to help [the lawyer] get where [they] want to go with [their] career, even if that means taking on a different role or looking outside of BCBSA. And of course, they are encouraged to keep a relationship with the company and to try and return if their interests align in the future."

Since deploying the motivator exercise, team engagement has increased by 32 percentage points. As Nehs sees it, "Staying connected to what gets people up in the morning can provide powerful insights into the members of our department and the teams they belong to that helps us ensure people are engaged and motivated by their work."

Figure 3. Engagement Opportunities and Related Manager Actions

BCBSA's Implementation Difficulty to Time Needed Matrix



Source: Adapted From Blue Cross Blue Shield Association

Lawyers Need to Have, and See, an Impact on the Business

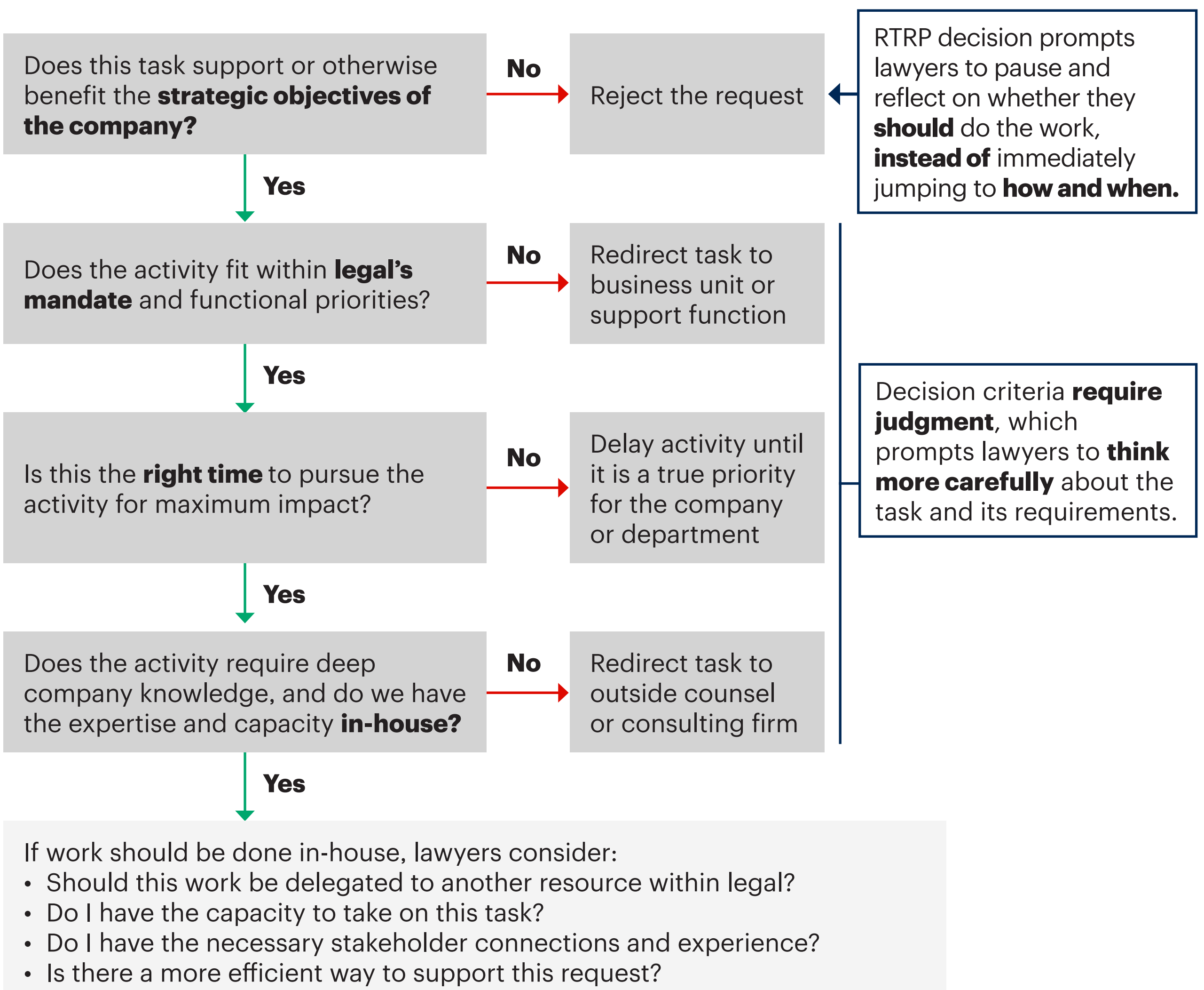
Requests for work often come into the legal department that do not strictly require legal participation, and lawyers are trained to have a service mentality. If their clients ask them to do something, they want to do it — even if saying "yes" can keep them from higher-value work that will satisfy their desire for business impact. This is why Cynthia Hoff Trochu and the legal team at Texas Instruments developed their "Right Task, Right Person" initiative.

A workload analysis revealed that lawyers at the U.S.-based technology company were spending a lot of time on work they should skip. "Right Task, Right Person" includes a decision tree that helps lawyers prioritize work at the top of their skill set (see Figure 4).

Cynthia Hoff Trochu

Senior Vice President, Secretary, General Counsel and Chief Compliance Officer, Texas Instruments

Figure 4. Texas Instruments' Right Task, Right Person Decision Criteria



Source: Adapted From Texas Instruments

This decision tree forces lawyers to pause before they begin a new piece of work and consider:

- Is this something the department should be doing?
- Are they the best person in the department to do it?
- Is there a better way to do this kind of work?

This process created a culture shift. When lawyers identify an opportunity to cut out work, or complete it in a more efficient way, they document and share it throughout the department.

To keep these principles top of mind, a "Right Task, Right Person," cross-functional "tiger" team shares stories about big wins. For instance, the tiger team profiled a group of lawyers who created a podcast to educate sales staff on terms of service as a reminder for others to keep looking for ways to streamline their own tasks and workflows. The stories are also structured to teach by example. They include:

- A clearly scoped problem and goal statement to show others how to lay the foundation for improvement.
- Practical steps, so that lawyers can see the kinds of planning and considerations they should take into account.
- The costs and benefits of the project, to make the case that a "Right Task, Right Person" mindset is good for the business, the legal department and the individuals involved.

As a result of this program, the Texas Instruments legal department redirected an estimated 4,890 hours toward high-impact work in the first half of 2021. Further, the general counsel, Hoff Trochu, reduced her department's budget by $1 million.

[1] 2021 Gartner Corporate Lawyer Engagement Survey, n = 202 corporate lawyers

Adapt Agile Principles to Give Employees Time to Think (and a Reason to Stay)

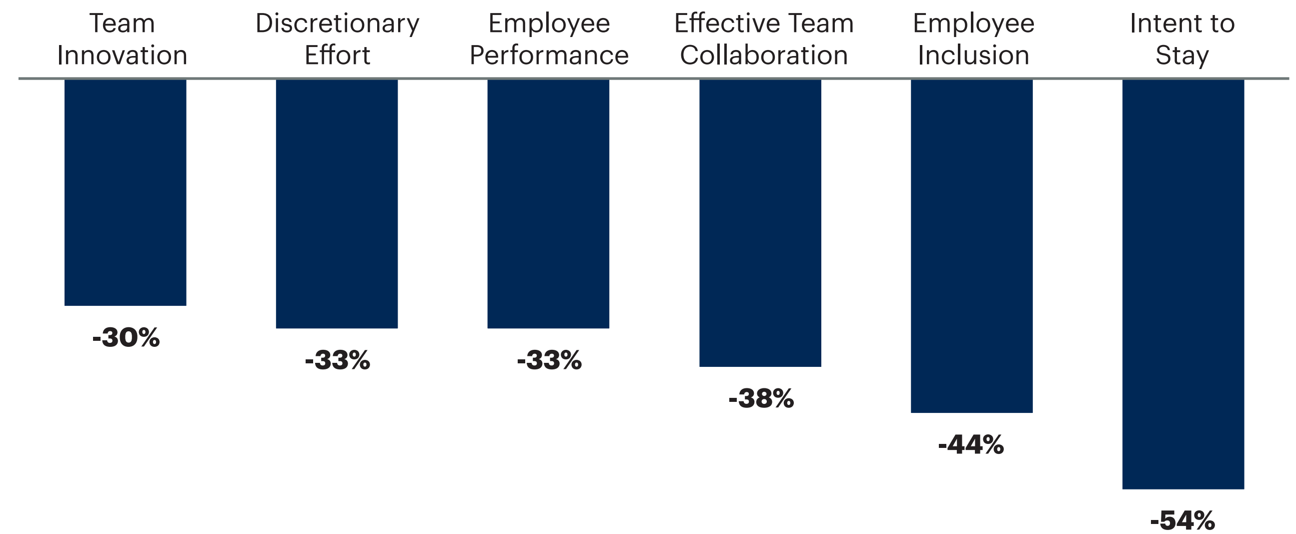
by Nikolay Yamakawa

Companies carefully tend their brand, safeguard their intellectual property and keep a close eye on their margins, but they tend to spend employees' time and attention as if both were infinite resources. Despite the high cost of interruptions and distraction, both are constant features of knowledge workers' lives, in large part because much of modern knowledge work is built around unstructured, unscheduled collaboration via general communication tools. Cal Newport, Georgetown professor and author of "A World Without Email" (2021), calls this style of working the "hyperactive hive mind."[1]

Newport details a whiplash-inducing state, "centered around ongoing conversation fueled by unstructured and unscheduled messages" delivered through email and instant messenger services, such as Teams or Slack. Consider Microsoft's 2021 Work Trend Index, comparing February 2021 to February 2020. The average Teams user initiated 45% more chats per week and 42% more chats per person *after* hours. Half of users were replying to pings on Teams within five minutes — the same response time as the year before, despite the meeting and chat overload they were experiencing.[2]

This "cycle of responsiveness," in the words of Harvard Business School professor Leslie Perlow, is vicious; as demand increases and "the conscientious employee in us" is inclined to keep up, "our expectations of each other (and ourselves) continue to rise."[3] The resulting stress and exhaustion are exactly the opposite of what knowledge workers require to do their jobs: 85% of nearly 3,700 employees we surveyed said they were experiencing more burnout than they did before the pandemic.[4] High levels of fatigue hurt team innovation and collaboration, discretionary effort, and individual performance. The biggest potential risk associated with employee fatigue is the adverse effect it can have on employees' intent to stay at their organization (see Figure 1).[5]

Figure 1. Organizational Outcomes at Risk by Employee Fatigue
Maximum Impact of Employee Fatigue on Talent Outcomes



n = 951 remote knowledge workers
Source: 2021 Gartner Hybrid Work Employee Survey

The problem of the "hyperactive hive mind" cannot be solved by individuals, or even by teams, if their behaviors don't align with the wider work culture. If an organization relies on ad hoc communication, and a person chooses to prioritize her focus time rather than immediately responding to messages, then she'll be perceived as unresponsive and a poor collaborator. Thus, protecting focus requires a group solution and an organizationwide behavior change modeled by leaders.

While technology has exacerbated the need for employees to be "always on," a methodology born in Silicon Valley can help protect them. The original goal of Agile methodologies was to create a nimble team, letting developers pivot quickly to meet changing customer requirements.

But executive leaders can also use Agile principles to reduce interruptions that prevent workers from focusing and sap their productivity. Agile practices can help organizations provide knowledge workers with an environment that supports their work, rather than hinders it.

Daily Standups Can Shield the Team From Email Onslaughts

Agile is familiar enough even in functions outside of IT that it doesn't take much time or effort to tweak the process for this purpose. For example, dozens of emails that constantly interrupt workers' focus can be replaced by a meeting — in this case, the very brief session known as the standup, which is an essential component of Agile practices.

During these frequent (often daily) 10- to 15-minute gatherings, each contributor reports on progress and answers pending questions.

- Encourage colleagues to hold all nonessential inquiries until this daily meeting.
- Emphasize that interrupting people before the daily standup should only be done if an issue is urgent. Determine ahead of time what can trigger that emergency response.

Make sure that others outside your team also respect the time before your standup.

- Establish one point of contact for the whole team to minimize distractions and protect the focus of others. If the whole team is copied on an email or included in an instant message, it becomes difficult to prioritize requests. Team members don't know how urgent a message is until after they have read it, and by that point, they have already been distracted.
- Require the dedicated contact person to log external requests and update the team during the standup.

Liberation from a barrage of emails seeking information, help or advice is particularly crucial for more experienced employees; they tend to receive a large share of questions given their experience and expertise. Further, tenured employees are the hardest to replace, so protecting their well-being is critical.

Kanban Boards Can Replace a Web of Email and Chat Threads

Understanding how close a task is to completion can be a hassle for other stakeholders, forcing another cycle of meetings or yet another round of messages. Worse, those conversations are often spread across email and instant-chat apps. How often do you have to look at five different email conversations and three Slack or Teams threads about a single project?

Kanban boards are common features of Agile methodology that enable teams to track project progress. Digital Kanban equivalents include Asana and Trello; dispersed teams can use these web-based tools to make assignments and share progress. These platforms have an intuitive user interface with a low learning curve and enable the whole organization to view the statuses of projects and/or tasks. These tools consolidate information and conversations in one place in order to keep others informed.

Sprint Planning and Retrospectives Provide Time to Reflect

Agile methodologies typically break projects into sprints or iterations — typically two weeks long with planning and retrospective sessions in between. After each sprint, team members have time to reflect on their work, highlight accomplishments and suggest improvements for future sprints.

During planning sessions, the team divides work among members and makes any needed process changes for the next two-week sprint. The feedback loop gives knowledge workers space to evaluate practices and swiftly make changes, especially if they feel overwhelmed.

Let Talent Know You Are Different

Dismantling the hyperactive hive mind requires leadership commitment. Collaboration is critical for organizational success, but not all collaboration is the same. Finding the right balance between focus and efficient interaction is essential for employee well-being.

Digital leaders have an untapped opportunity here. They can champion Agile ways of working throughout the organization, educating the rest of the leadership team on key components, such as daily standups, sprint planning and retrospectives, while emphasizing the benefits of focus and well-being that come with it.

Companies can differentiate themselves as employers by showing workers (and job candidates) that preserving their focus and prioritizing their intellectual contribution is more important than responding to the deluge of messages.

Digital and technology leaders in the Gartner Research Board community say that companies need to create a culture that gives employees time and space to concentrate.[6] Using Agile to encourage sustained attention is a way to demonstrate that focus is not antithetical to speed and agility. When done right, a company culture that emphasizes employee focus should help the business move faster and enhance employee well-being.

1 C. Newport, "A World Without Email," Portfolio/Penguin, 2021.

2 The Next Great Disruption Is Hybrid Work — Are We Ready?, Microsoft.

3 Are You Sleeping With Your Smartphone?, Harvard Business Review.

4 2021 Gartner Workforce Resilience Survey

5 2021 Gartner Hybrid Work Employee Survey

6 Gartner Research Board is an invitation-only network of digital and technology leaders from the world's largest and most complex organizations with 10 billion and above in annual revenues.

3 Ways to Help Managers Lead With Empathy

by Caitlin Duffy

Good managers can effectively guide a team's day-to-day work. But great managers are empathetic. They find ways to help employees become the best versions of themselves as people and professionals. They listen and try to understand the changing needs of employees and their teams. They create workplaces that enjoy stronger collaboration, less stress and greater morale. And their importance to organizations in a world changed by COVID-19 cannot be overstated: Managers who display high levels of empathy have three times the impact on their employees' performance than those who display low levels.[1]

Despite this new reality, many organizations still suffer from an empathy deficit. In one survey we conducted, 82% of workers said they want their organizations to see them as people — not just employees — although only 45% said their organization actually does.[2] In a turbulent job market marked by persistent talent shortages and rising turnover rates, this lack of empathy — particularly from managers — can be costly. Manager quality was the second highest attrition driver for employees in 2021, following compensation.[3]

It's clear that organizations need their managers to meet the moment. But if a company wants to create an empathetic workplace, it needs more than a few high-achieving managers. A truly empathetic work culture requires that the company's top officers — most, if not all, of the C-suite — give their managers the tools and support they need to lead with empathy.

Executives can meet this moment by heeding three imperatives:

- Equip managers for vulnerable conversations
- Give managers space and capacity for empathy
- Make empathy actionable

Equip Managers for Vulnerable Conversations

Managers often understand the concept of empathy and why it's important for team engagement and productivity, but they tend to struggle with how to apply this tangibly in their day-to-day roles. Many managers might earnestly feel empathy for employees struggling with burnout or challenges at home wrought by the pandemic, but they're also cautious not to encroach too far into personal and sensitive terrain.

> Leaders are afraid of saying the wrong thing — they don't know what to say or when to say it, and they aren't expressing empathy effectively.

At the same time, some employees fear negative repercussions if they bring their "full authentic selves" to work. Others feel unsure about how much information to share with their employer, and managers are left questioning how to act on sensitive personal information (e.g., an employee may share that they're thinking of moving to a new city, and they feel unsure about what this means for their career).

Managers need more practice — and, crucially, room to make mistakes — so they can demonstrate empathy in these difficult conversations. Executive leaders should work with HR and learning and development leaders to offer training and practice sessions in which managers can learn from experts and each other in a safe-to-fail learning environment.

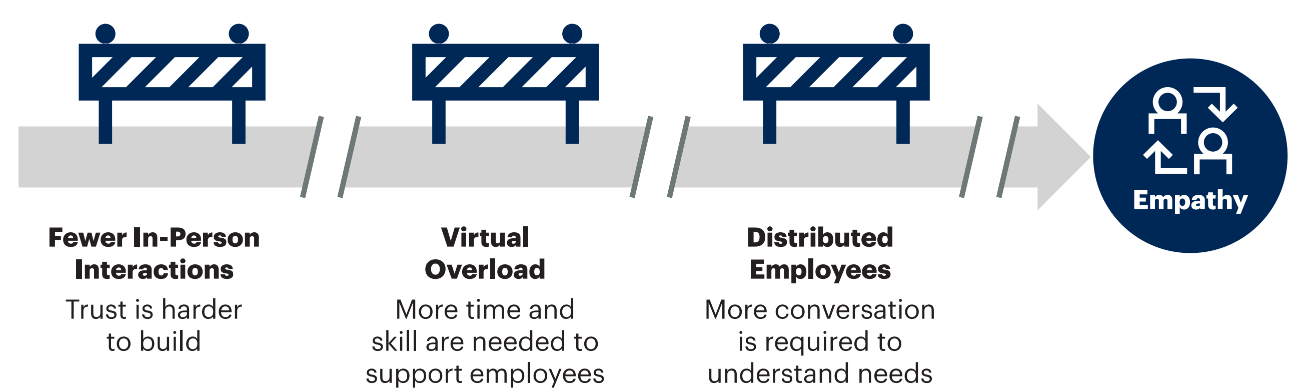
Cisco, a U.S.-based technology services company, has managers practice "courageous conversations" with improvisational actors. Workshops known as Leader Learning Labs give participants safe-to-fail learning environments where they can practice talking with employees about topics such as work-life balance, hybrid work and current events. During multiple rounds of role-playing, they react in the moment to challenging situations and respond after an employee's immediate concerns have been addressed. This practice is particularly effective in building empathy because it challenges managers to understand the perspectives of others while receiving unfiltered feedback from unbiased third parties (see Figure 1). Leaders seldom receive impartial, unbiased and realistic feedback on how they've handled difficult conversations in real-world scenarios. Direct reports may feel uncomfortable sharing honest feedback out of concern that it will be disrespectful or insubordinate, or they may worry that it will count against them in performance evaluations. To address this reality, Cisco made sure the feedback came from outside the organization — from actors with no prior relationship to the leaders. And the actors were encouraged to approach each scenario the same way any employee would, from a human perspective.

Give Managers Space and Capacity for Empathy

For many managers, leading with empathy might feel like too heavy a burden to shoulder, given the overwhelming number of new work tasks brought about by the COVID-19 pandemic. The actions required of managers to create empathetic workplaces are considerable and time-consuming, yet only 14% of organizations have redefined the manager role to reduce their responsibilities.[1] Formalizing the need for deeper connections as part of the manager role and deprioritizing other projects can give managers time to make deeper connections with their people.

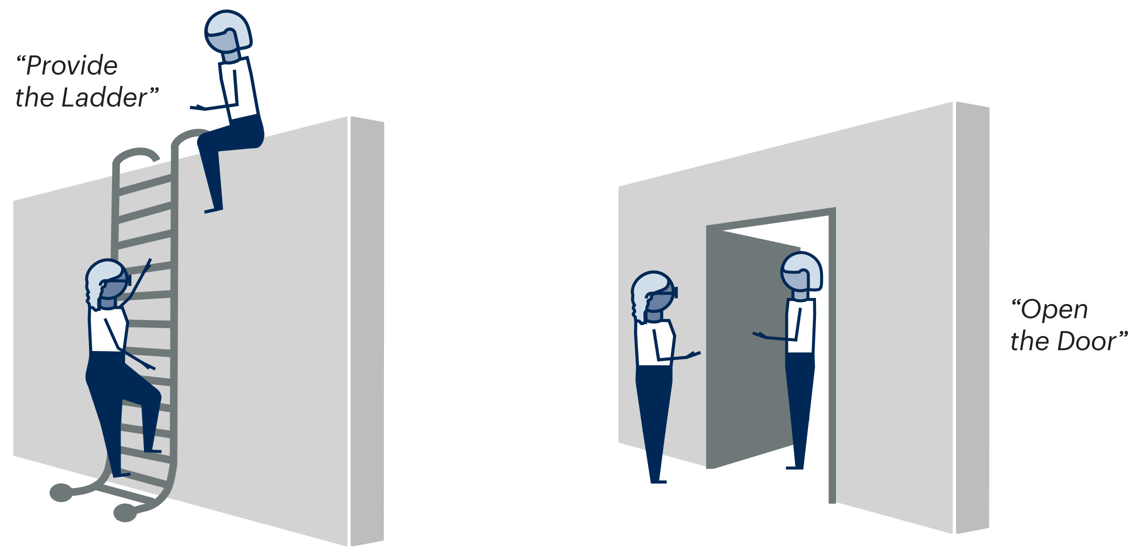
Executive leaders can change the game by working with HR to realign management responsibilities. Such a reinvention must happen continuously, with existing periodic checkpoints, based on managers' inputs and their teams' feedback. For example, Atlassian, an Australian software company, made space for empathy by giving managers explicit permission to focus on well-being. Atlassian went beyond the conventional approach of offering HR resources, like skills training,

Figure 1. Three Ways Cognitive Overload Is a Barrier to Empathy



Source: Gartner

Figure 2. Atlassian's People-First Manager Prioritization Strategy



Typical Approach HR Adds Well-Being Resources	**A More Complete Approach** HR Helps Make Space for Well-Being	
Resources include soft skills training, well-being support tools, burnout identification technology, etc.	1 Provide extreme prioritization criteria	2 Give managers permission to focus on well-being

Source: Adapted From Atlassian

self-serve tools and technology solutions to support their personal and team wellness (see Figure 2). The company made a point to empower managers to say "no" to projects that aren't aligned with urgent or broadly effective business priorities so they have more time to build connections and encourage well-being for their people.

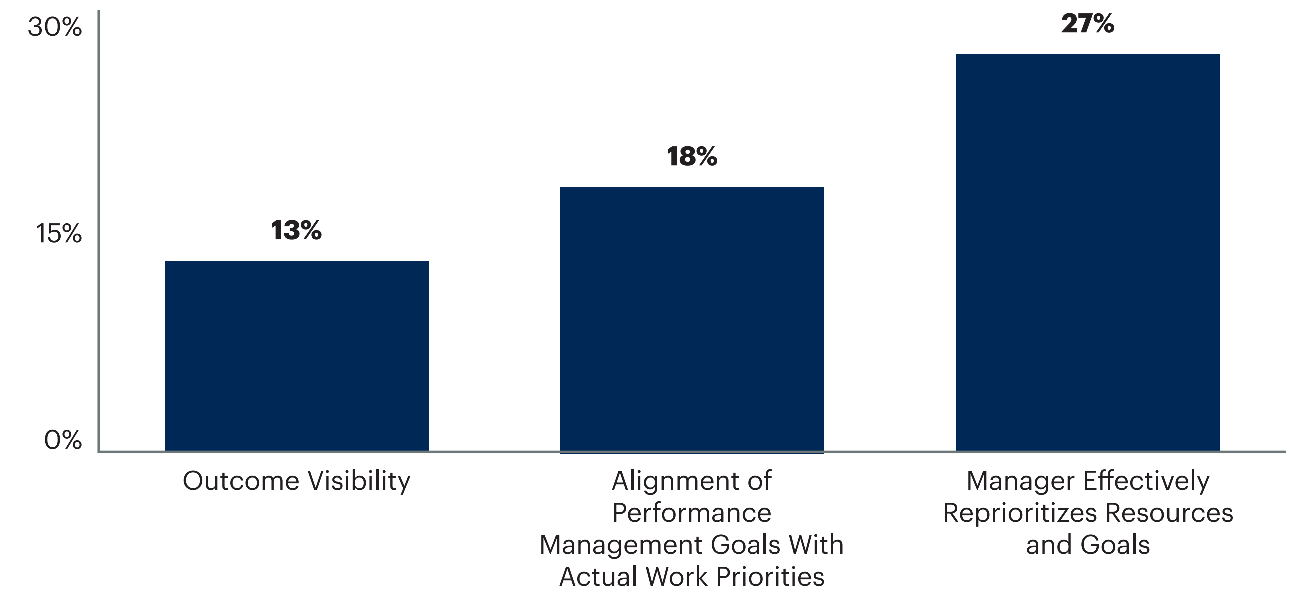
Specifically, they provide "Extreme Prioritization Criteria" — questions like, "Is this almost finished?" "Does this contribute to immediate business needs?" and "Does this have a broad impact across the organization?" They also established "Principles for Permission" that encourage managers to take time to build deep connections with teams and individuals, express trust in managers to decide their workload, and establish the belief that self-awareness is important to both manager well-being and business success.

Make Empathy Actionable

Managers must do more than simply acknowledge personal struggles that might affect performance. Sympathy is just one part of empathy. Organizations should teach managers how to deal with professional burdens and forge important connections that are within their control. Passive empathy — the act of listening and demonstrating transparency and gratitude — is vitally important, but it pales in comparison to the positive effects of work empathy — taking steps to make the job better.

For example, helping employees understand how their work performance affects business outcomes increases the likelihood of sustaining physical and emotional workforce health by 13% (see Figure 3). Aligning employees' individual performance goals with real-world work priorities provides an even bigger bump of 18%.

Figure 3. Impact of Adapting Priorities to New Circumstances
Percent of Change in Likelihood of Sustaining Workforce Health



n = 3,690
Source: Gartner 2021 Workforce Resilience Survey

But the most significant impact to workforce health (27%) comes from reallocating staff and goals to meet new work priorities and employee needs. Taken together, these three actions can increase the likelihood of sustaining workforce health by 58%.

The key for HR and executive leaders: Don't expect a return to prepandemic norms or to manage people with a pre-COVID-19 mindset. The workplace has transformed. While employees might seem to be performing well on the surface — or even, in some cases, becoming high performers — damage to the health of the workforce might be unseen.

Addressing this damage will be critical to maintaining the resilience employees have shown so far, and empathy will be central to that effort.

[1] 2021 Gartner Hybrid Work HR Leader Survey, n = 75 HR leaders
[2] 2021 Gartner EVP Employee Survey
[3] 2010-2021 Gartner Global Labor Market Surveys

Build Employee Trust Through Better Communication

by LK Klein, Michelyne Chavez and Elizabeth Kilbride

Progressive executive leaders build confidence in their intentions by explaining to employees the rationale behind how the company makes decisions and creating opportunities for open dialogue. If this were as easy as it seems, it wouldn't be such a problem — 64% of employees report low trust in their organization (see Figure 1). Executive leaders can take specific steps to get more effective at messaging and listening.

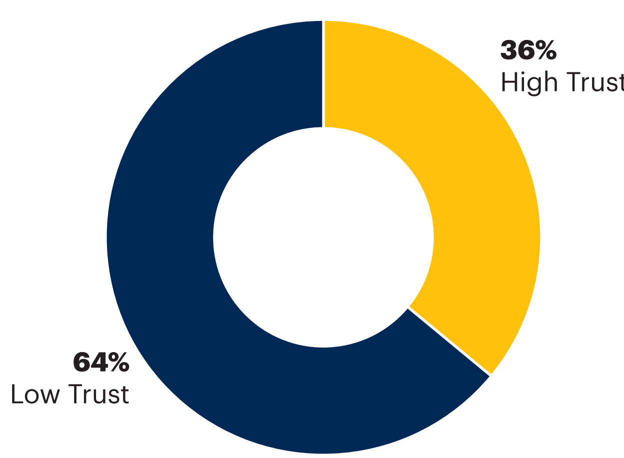
Employees who have worked on-site throughout the COVID-19 crisis (e.g., factory workers, retail staff members, truck drivers, utilities maintenance workers and nurses) have the *lowest* levels of trust.[1] The industries these individuals serve, at least in the U.S., also experienced the greatest increase in quit rates during the second half of 2021, according to the U.S. Bureau of Labor Statistics.[2]

With quit rates high throughout segments of the workforce and around the world, organizations need all the engagement they can get from those who remain. When workers trust their employers, they put in over six times more effort than those who don't.[3]

But what does it mean when we trust someone — or something? Two components are involved (see Figure 2):[4]

- The beliefs we have about a person or institution's intentions and their reliability against those intentions.
- Our willingness to give up personal control over a future situation to that person or institution.

Figure 1. Few Employees Trust Their Organization
Percentage of Respondents Reporting High Trust in Organization

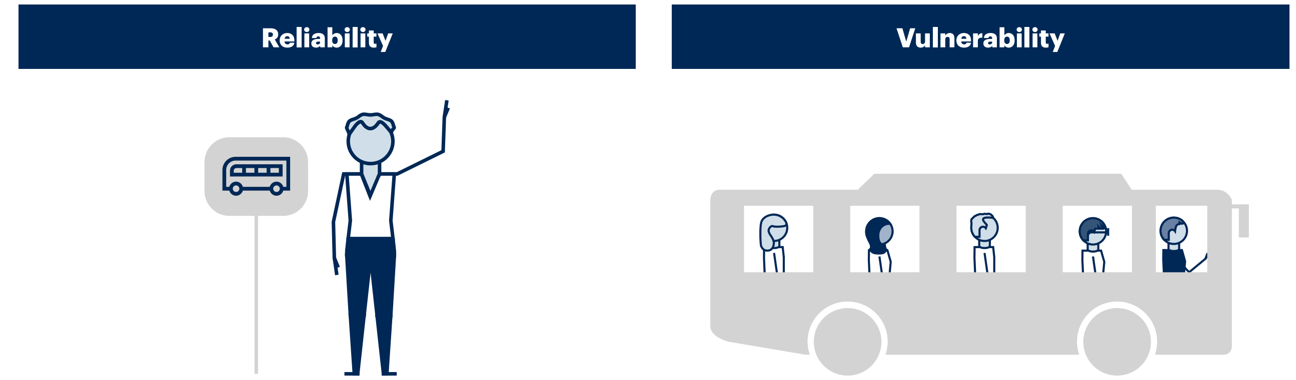


n = 1,041 employees and managers

Source: 2021 Executive Leader Communications Survey

Note: Percentages represent the proportion of respondents who scored high (at least 6 "Agree") on the trust in company index.

Figure 2. Trust in Action

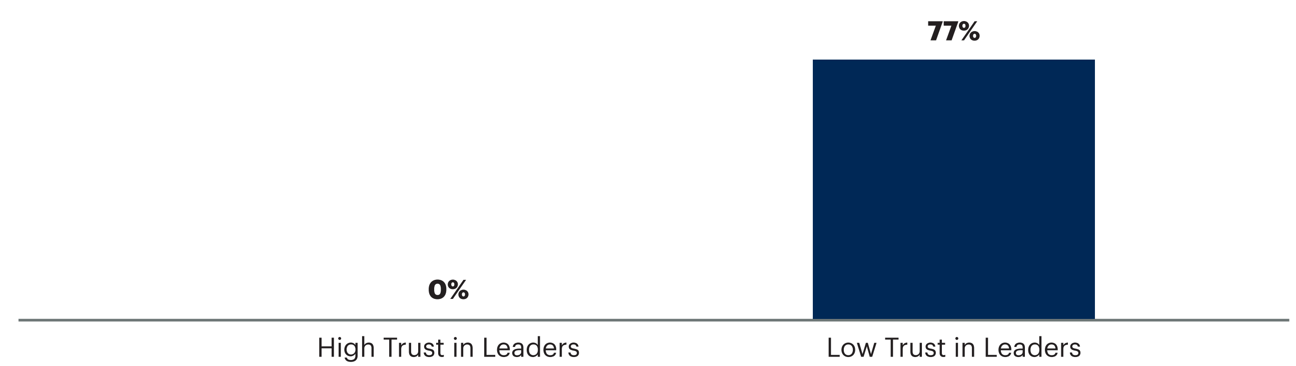


The **beliefs we have** about a person or institution's intentions and reliability.

Our **willingness to give up personal control** over a future situation to that person or institution.

Source: Gartner

Figure 3. Executive Trust Correlates With Organizational Trust
Percentage of Respondents Reporting Low Trust in Organization



n = 498 employees and managers

Source: 2021 Executive Leader Communications Survey

Note: Percentages represent the proportion of respondents who scored in the top quartile on the trust in company index.

Executives Play an Essential Role in Cultivating Employee Trust

In challenging situations, employees seek out guidance and assurance from executives. As one chief Communications officer told us, "They are the captain of the ship in stormy seas." Unfortunately, a staff without trust in the organization is unlikely to trust company leaders — the two are highly correlated (see Figure 3).

Many company leaders make an effort to connect with their workforce on a regular basis, but according to a global survey of more than 1,000 employees and managers, only 35% of respondents trust the executive who sent the message.[1]

When the C-suite communicates to the organization, it's asking employees to *trust leadership to make decisions about the company on their behalf.* Executives have the mandate to set the vision of the organization's future, but they must rely on everyone else to bring it to life. Realizing the vision often involves direct consequences for staff members' daily work — and sometimes their personal lives.

Company leaders should rethink *how* they communicate.

Whether they realize it or not, executives are constantly asking employees to trust them to make decisions that will affect their daily lives. Executive messages, therefore, should focus on increasing the trustworthiness of company decisions by building visibility into decision-making processes and creating space for employees to ask questions of the executive team.

Explain the Context and Trade-Offs Behind Decisions

Company leaders face a wide range of challenges when it comes to being transparent in their communications — information is sometimes proprietary or confidential, circumstances change quickly and they have to make decisions without all of the facts. What they do have, however, is an understanding of which factors are considered and trade-offs are prioritized during the process, something everyone else in the company lacks. From the staff's perspective, decisions can feel arbitrary, ad hoc or like they were made in a vacuum. When employees feel that the bigwigs didn't consider the negative implications of their choices, it can increase cynicism about leaders' understanding of how work gets done, or in extreme cases, lead to resistance.

To remedy this, effective executives explain what factors and trade-offs they consider when they make a decision. Sharing customer, supplier or competitor trends and internal reasons that affect priorities helps staff understand the choices made. Executives significantly improve employee trust in their organization when they provide visibility into how they arrived at a decision — the framework shown in Figure 4 provides suggestions for the type of information their messages should include.[1]

Make Executives Available for Open Dialogue With Employees About Decisions

After executives equip their workforce with a better understanding of how decisions are made, dialogue is the second mechanism needed to build trust.[1] Back-and-forth is essential for surfacing where frontline employees and managers are confused about the intent behind decisions or where leaders' stated priorities conflict with employees' daily experiences. Giving staff the opportunity to ask questions lets executives demonstrate a commitment to personal accountability and a willingness to address employee concerns.

Figure 4. A Framework for Increasing Decision-Making Visibility

	1. Market Context	2. Organizational Purpose/Goals	3. Business Strategy
Information to Aid Employee Understanding	• Macroenvironmental/ geopolitical trends • Market risks and/or opportunities • Potential scenarios and implications (if/then)	• "Always true" or "north star" objectives • Strengths and weaknesses in meeting macroenvironmental trends • Requirements needed for future success	• Relationship between purpose and specific targets • Which voices (teams, data) are involved in making the decision • Trade-offs considered in support of specific targets • Potential indications that targets require reviewing/revisiting
Resulting Employee Understanding	"I understand what external factors are driving company decisions."	"I know which objectives are important in determining our path."	"I understand how the executive team arrived at this decision."

Source: Gartner

Kirt Walker, the CEO at Nationwide provides access to his 10-member executive team in a town hall series the U.S.-based financial services company dubs "Let's Connect." After the leadership panel provides brief introductory remarks, employees drive the conversation by submitting questions into an open Q&A chat that is visible to all in attendance. They can even moderate the conversation themselves by voting for the questions they most want answered (see Figure 5).

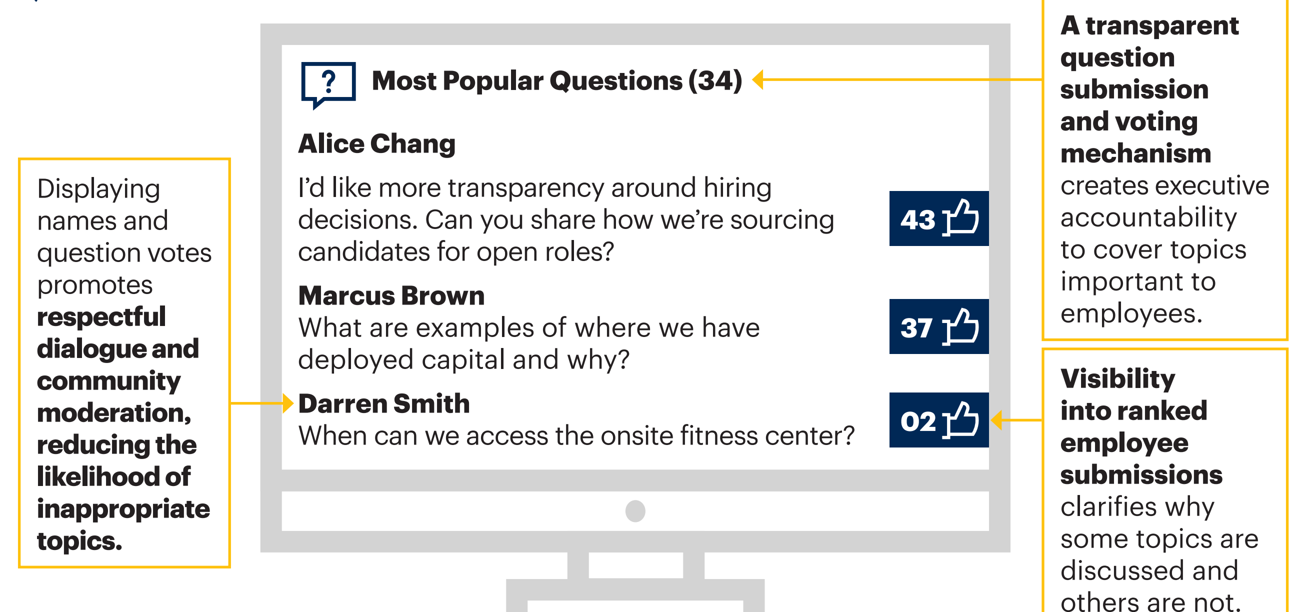
The CEO introduces all of the top-ranked questions and asks various panel members to weigh in with their answers. Employees are expressing their appreciation: "Every session has me coming away feeling reassured, positive and motivated to be the best at what I do to fulfill our mission," one wrote in an email to the CEO. "The support given to our associates has been tremendous."

[1] **2021 Gartner Executive Leader Communications Survey:** This study was conducted to explore employees' and managers' attitudes and behaviors related to executive communications, including which message elements and leader characteristics are most effective at increasing trust in the organization. The research was conducted online during September 2021, among 1,041 respondents from the United States, Canada, the United Kingdom, Western Europe, Australia, India and Singapore. Respondents were screened for employment status (i.e., part time vs. full time), organization size (i.e., greater than 500 employees), job level (i.e., directors and below) and whether they recently received communications from their organization's senior leaders. Disclaimer: Results of this study do not represent global findings or the market but reflect sentiment of the respondents and companies surveyed.

[2] "Quits Levels and Rates by Industry and Region, Seasonally Adjusted," U.S. Bureau of Labor Statistics (Last Modified, 8 December 2021).

[3] L.L. Cummings and P. Bromiley, 1996, "The Organizational Trust Inventory (OTI): Development and validation." In: R.M. Kramer and T.R. Tyler (Eds.), Trust in Organizations: Frontiers of Theory and Research (pp. 302—330).
J. Feitosa, R. Grossman, W.S. Kramer and E. Salas, 2020, "Measuring Team Trust: A Critical and Meta-Analytical Review." Journal of Organizational Behavior. 41(5): 479—501.
C.A. Fulmer and M. Gelfand, 2012, "At What Level (and in Whom) We Trust: Trust Across Multiple Organizational Levels." Journal of Management. 38(4).
Guidelines for Measuring Relationships in Public Relations, Institute for Public Relations.

Figure 5. Employees Moderate Executive Discussion Topics at Nationwide's "Let's Connect" Town Hall Meetings
Q&A Online Chat



Source: Adapted From Nationwide

Workforce Disclosure for Investors Can Also Lure Talent: A Q&A With Bank of America Corporate Secretary Ross Jeffries

by Laura Cohn

Ross Jeffries
Bank of America Corporate Secretary and Deputy General Counsel

As corporate secretary and deputy general counsel at Bank of America, Ross Jeffries advises the company's board of directors and chief financial officer on governance and shareholder relations. He has been with Bank of America since 2012 and previously served in senior legal and assistant secretary positions at Wells Fargo and Wachovia.

Photo courtesy of Bank of America

Before the pandemic and social-justice protests intensified workforce disclosure pressures, Bank of America released a stand-alone report that opened a window into the diversity, engagement, pay, and training and development of the bank's more than 200,000 employees. The bank issued an update in 2020 to include benefits added in the wake of COVID-19.[1]

In a video call from his office in Charlotte, North Carolina, Corporate Secretary and Deputy General Counsel Ross Jeffries explained how transparency has come to serve employees and job candidates in addition to the investors that are the primary audience. This interview has been edited for length and clarity.

Bank of America started issuing a human capital management report in 2019. What was behind that decision?

The seed of it was planted when we had a shareholder proposal, in 2019, on our gender pay ratio. We've done a lot of work for many, many years on having a process to make sure that we don't have any inequality for similarly situated roles, experience, etc.

We have 60 or 70 meetings a year with our largest investors. It's a very thorough and ongoing dialogue. As we were speaking with them on this one issue, which is kind of narrow, we were also talking about the other things that we're doing on human capital management. It became evident to us that we have a lot of disclosures, but they're kind of here and there — something in the proxy statement, something on a website or EEO-1 filings.[2] It became obvious that we would be doing them a service, as well as ourselves, by consolidating the information.

Which corporate leaders were involved in the decision?

It came about over the course of a dialogue with our CEO, Brian Moynihan, our chief human resources officer, Sheri Bronstein, our global head of strategy, Anne Finucane,[3] and me.

That was early in the year. As we went through the year, and we're developing the report in the fall during our shareholder engagement, we went back to our investors and said, "This is an outline of what we're thinking about. What do you think?" Some would say, "Well, less of this and more of that." So there was a feedback loop with our investors. So the genesis was investor appetite for a very transparent and concise report on human capital.

How do you use the report to make progress? Can you share an example of how it's helped you with your stakeholders?

Obviously, the world changed in March of 2020. As we were letting investors know all the initial steps we were taking in response to the pandemic, we said, "Let's do a quick update of the human capital report to get this out there." So, we did update it in fall of 2020 to reflect all the actions taken in response to the pandemic.[4]

Has the enhanced transparency helped you retain employees? In your 2020 report, you reported a record high employee engagement level (of 91%) and a historically low turnover rate (of 7%). Can that continue?

Bank of America does an annual employee engagement survey of 200,000 employees, and we get that data and we've shown the trends over time. We've linked that employee satisfaction, in the same chart you might have seen, to turnover and retention. So far, there's appeared to be a correlation, but we'll see over time.[5] The same programs that reduce turnover also drive up employee engagement.[6]

More broadly, how does being open — about the makeup of your workforce and your workplace practices — help you manage talent? I'm interested in how you use the data, particularly in the context of the Great Resignation.

We've found that it's very helpful when we're going to a college campus to recruit people: "This is something you should be expecting — this is what your work life would be like at Bank of America." So we do use it, not only with our investors, but also with our potential hires, new hires, and then, it's on the website. Some of our businesspeople use it with potential clients or new clients.

What is it about the report that makes it useful for recruitment?

There's a lot of meat in there. If you're about to join a company, you really don't know what you're getting into. It might be word of mouth or it might be something you've read in the paper. But this is a way to give a little bit of transparency to a potential employee. What can I expect when I go to work there? What's the culture like? What are the employment practices? How do they view career progression? This really adds muscles to the bones of what people might know about Bank of America. It does tell the story.

We're filling thousands of roles a month, just to keep the levels consistent. So there's a constant need to educate people about what it's like to work here.

Everyone is competing for talent now. Can a human capital management report be used as a competitive advantage?

Yes, absolutely. If you step back and say, Company A is very transparent about the culture — what it's like to work at the company — and Company B is not. If an individual is looking at both companies, the individual will at least have a clearer understanding, all things being equal, of what it's like to work at Company A. The war on talent in the financial services industry has been going on for years — whether it's investment bankers or retail bankers, consumer bankers, financial advisors, the technology team, legal. It's been competitive for a long time.

What takeaways do you have for other executives weighing whether to enhance their workforce disclosure? What should they consider?

I would mention the vulnerability of it. You have to get over that you're being a lot more transparent. With a lot of the DEI statistics, we are putting our reputation out there — that we're going to achieve these things and maintain high levels. And so I think that's one of the first issues that a company would have to decide. Are they comfortable being really transparent —and ensuring the accountability that comes with that? We've been putting our EEO-1 numbers on our website for many years, so for us, it wasn't a huge jump to consolidate it.[2]

What are the top couple of metrics that you would recommend companies disclose, at a very minimum?

At a minimum, the workforce demographic data. A lot of companies have to report it anyway. And so that does appear to be a threshold from what we're hearing from investors. You've seen it in a lot of shareholder proposals.

And some of the hiring information — campus recruiting and that sort of thing. It gives you a view of what the company might be like in 5, 10, 15 years. It's much more of a longer arc, but it does reflect the culture. And how many people you hire. That kind of hard data would be helpful as well.

In the U.S., Securities and Exchange Commission (SEC) Chairman Gary Gensler has indicated his agency is looking into enhancing workforce disclosure requirements.[7] Should there be more regulatory involvement in this area?

Well, I don't know that I would opine on what they should be doing. I know if they do it, we'll certainly comply with it. But I would say, investors want this kind of data. ESG writ large is becoming a much more prevalent tool that our shareholders are using to analyze company performance. Human capital is really hard to measure, unless you give them data.

What are the pitfalls to avoid?

One size doesn't fit all. The business and industry that we're in is one thing. For an industrial company or manufacturer, it's going to be a different report if they decide to do it. So it really needs to be specific to that company and that industry.

If the SEC or other standard setters come out with different regulations, everyone will have to comply. But until that time, C-suite executives should know that if you're a public company, your investors want this information. Do you want to make them hunt and search for it? Or do you want to give it to them in a way that's digestible? We've answered the latter affirmatively.

1 New benefits included more back-up childcare, stress management training and free telehealth resources, according to Bank of America's 2020 Human Capital Management Report.

2 EEO-1 filings are workforce demographics disclosures mandated by the U.S. Equal Employment Opportunity Commission (EEOC) for private-sector employers with 100 or more employees. The EEOC doesn't release company-specific details but makes aggregated data publicly available.

3 Finucane retired from Bank of America on 31 December 2021, according to a release from the bank.

4 Bank of America is expected to release its 2021 Human Capital Management Report in the first half of 2022.

5 Bank of America's 2020 Human Capital Management Report shows the bank's employee engagement was rising well before the pandemic — in fact, according to the study, it has increased every year since 2016, when the employee engagement index stood at 75%.

6 Jeffries said examples of programs that drive up engagement and reduce turnover include: the bank's position on minimum rate of pay and increases over time; continued investment in employees through training and development; providing career paths and internal opportunities throughout the company so employees can have long careers with the bank; and a focus and increased transparency on diversity and inclusion.

7 "SEC Chairman on New Regulations on Cryptocurrencies and Climate Risk," Wall Street Journal (subscription required).

Briefs

Smarter Spending & Planning

CFOs Who Think Like Activist Investors See a Payoff

As business conditions change, only 17% of companies consistently pivot their capital to new high-value uses, away from new low-value uses and in significant (not incremental) amounts. The elite group that does all three sees real benefits: "Responsive" companies earn, on average, 2.5 points more than "unresponsive" peers in economic value added (return on invested capital minus weighted average cost of capital).

To maintain an optimized portfolio, CFOs must embrace the postures of the most productive activist investors and private equity firms. They should move beyond vetting calculations and assumptions — or even guiding business leaders in crafting persuasive business cases — to driving capital reallocation that sees enterprise investments as a set of trade-offs and synergies leveraged in support of enterprise value.

No investment should be sacred.

To practice capital activism:

1. Narrow your organization's focus to a shortlist of clearly articulated priorities that differentiate the business.
2. Force changes that support execution of capital investments; create visibility into how operating resources are used at a service or skills level rather than as opaque line items.
3. Allocate funding to support enterprise capabilities rather than directly to specific projects –resources will flow to the best uses even if changes occur in specific activities or the part of the organization that is executing.
4. Intervene early in initiative planning to reduce costs.

— Emily Riley

An Alternative to RFPs for More Effective Tech Purchases

For marketing leaders faced with tight budgets and martech roadmaps that get updated continuously, the conventional use of requests for proposals to kick off purchase of technology is ineffective. Instead of requesting responses to long and cumbersome RFPs, set up competitive demos that show whether a solution will meet the needs of internal and external audiences.

1. Develop a "martech story" that describes how a power user or a basic user will use the solution to meet their respective goals and enterprise needs.
2. Share your stories with vendors, along with a detailed inventory of your current martech stack and data flows. Then, require vendors to show — not tell— how their products help achieve your desired outcomes. This method saves you time by avoiding reliance on sales pitches touting advanced functions or features you may not need.
3. Pursue a proof of concept, with the vendor(s) with the best initial demonstration, to test their technology against a specific scenario with real-world data. Request information such as system requirements, training, time and fees for setting up the POC. Then enlist representatives from your internal audiences – power users and daily users — to accurately measure each contender's performance and impact.

— Tia Smart and Benjamin Bloom

Talent & Culture

Engineer Productive Conflict to Resolve M&A Culture Clashes

International mergers and acquisitions of new operating models or talent are choice opportunities to employ a strategy commonly used by coaches and mediators. It's called productive conflict.

Instead of concentrating solely on streamlining processes, consider placing some business units, teams or people in overlapping roles and responsibilities that force them to interact and compromise with each other. Executive leaders should guide employees as they learn how to work together efficiently and meet business expectations.

This way, you don't have to hope employees fall in line with values imposed from the top. Instead, leaders will:

1. Unearth deep tensions before they fester, hurting productivity.
2. Increase diversity of ideas and ways of working.
3. Divert energy from bracing for change (or looking for new jobs) to building a new culture for everyone.
4. Acknowledge the differences employees already see.

Be clear about the goal of cultural conflict activities, give those involved a forum to raise issues and tactfully evaluate stress levels so you can see where and when to implement productive conflict — and where to avoid it.

HR should share big cultural achievements. You'll reduce anger, nurture hope and give your workforce a feeling of ownership in the new organization.

— Caroline Walsh

What's a Great Way to Get Leaders to Consider Risk? Answer: A Quiz

A simple quiz can teach leaders the right risk-taking behaviors — so they're neither too bold nor too cautious when they make decisions.

The enterprise risk management (ERM) team at one insurance organization created an online, multiple-choice "Risk IQ" assessment based on scenarios.

Example: You're hosting a meeting in 30 minutes and you're missing important information. What should you do?

1. Continue as planned — you followed up in the morning and were assured a presentation would be ready with the material you need.
2. Reschedule — and follow up on the outstanding piece.
3. Continue — you got no assurances; fingers crossed!

Participants see where their answers aren't aligned with the organization's desired risk appetite, which both gives them guidance and motivates them to seek help when setting an important course of action. As a result, the ERM team saw a fourfold increase in requests for decision support.

If you want to use this tactic, bear in mind:

1. The scenarios should draw on authentic, day-to-day examples.
2. The question and answers shouldn't refer explicitly to "risk" so respondents don't reflexively choose the safest option.
3. The answers should depend on your organization's risk appetite.
4. The answers shouldn't be obvious and should present varying levels of risk tolerance.

— Steve Shapiro

Briefs

Growth & Innovation

Managing Key Accounts Is Not Just for Sales Anymore

When an organization decides a customer is especially important, it will typically offer premium resources such as primary account managers and technical experts, hoping this special treatment will lead to increased customer spending. Most (95%) of chief sales officers expect these efforts to generate a higher growth rate than their other clients do.

Yet only four in 10 organizations achieve their sales quotas for key accounts and just 32% of key account managers say they are effective at growing partnerships with these critical customers.

Sales should involve other parts of the enterprise — and customers themselves — in managing these relationships, to gain more widespread awareness and support. This means:

1. Design and implement selection criteria with leaders from different business units and functions across the company. Use cross-functional insights to assess quantitative and qualitative attributes such as future spend and willingness to partner, rather than relying solely on account size.
2. Engage critical customers in bilateral discussions to measure partnership potential. Then, align your organization's investments commensurate to these assessment results.
3. Regularly review critical accounts' performance. Proactively engage underperforming customers toward a simplified relationship through planning and communication, while providing a viable path for regaining key account benefits in the future.

— Matt Dudek and Esther Liu

R&D Is Finding New Ways to Innovate with Outside Partners

Activities traditionally thought of as core to research and development, such as applied research, technology scouting and engineering, are conducted with external partners or fully outsourced in nearly half of the R&D departments we surveyed in 2021. Outside collaborations can help R&D organizations advance technology strategy, access in-demand capabilities and elevate their innovation brand.

Additionally, a detailed look at publicly available information from the 100 global companies with the largest R&D budgets revealed these top trends:

1. Venture capital arms that provide funding to startups in which they see potential. R&D organizations get early access to — and some ownership of — technologies or intellectual property that they find promising.
2. Open innovation spaces, housed in labs or physical locations where companies can work with their partners. R&D organizations can keep a close eye on (and possibly acquire) any technologies that interest them.
3. Incubators and accelerators enable companies to take the pulse of the innovation climate while nurturing the development of new technologies or IP.
4. Funding activities like grants, awards, fellowships and investigator-initiated studies help companies gain access to talent and ideas.

Each of these options can lay the foundation for potential acquisition when an innovation matures.

— Benjamin Jury

Data & Technology

Log4j Is Everywhere and Especially Pernicious

Software vulnerabilities abound. Resolution is a matter of containment, isolation and remediation. So why is the Log4j bug different?

Because it's everywhere. The Log4j package in Apache Software Foundation systems ends up in large application and infrastructure platforms. Amazon, IBM, VMware, Salesforce, Avaya and Cisco are among the vendors admitting exposure.

Because it's especially pernicious. Any system exposed to the internet is ripe for attack — pre-authentication. And any attacker, including an organized crime syndicate or unfriendly nation-state, can gain control over a vulnerable system by running an arbitrary sequence of commands. This combination means senior leaders cannot accept complacency.

While this event offers lessons in strategic software supply management — including demanding a list of components from vendors — immediate action is imperative. Exploitation is underway.

1. Invoke severe incident response measures or seize this opportunity to develop a plan if none exists.
2. Audit every application, website and system within your organization, using automated tools such as software composition analysis. Prioritize sensitive, internet-accessible applications.
3. Do not rely on issuing instructions to employees working from home. Campaign proactively to reach those who procrastinate or fail to understand that personal devices and routers can offer entry points to enterprise systems and data.
4. Add Log4j to the M&A due diligence checklist.

— Jonathan Care

How to Move Your Machine Learning Prototype to Production

Despite considerable investments, only 53% of artificial intelligence and machine learning projects move from a pilot stage into production. And development on average takes eight and a half months.

Bridging this deployment gap requires business expertise and an agile approach, in addition to skilled engineers and data science teams. Data and analytics leaders must work with stakeholders to:

1. Define the business success criteria at the outset. Asking good questions, such as "How will the model enhance or replace a business process?" and "What potential process changes could cause the model to drift?" can help. Translate these standards into new metrics and monitor them during development.
2. Prioritize data quality over quantity. Build a dataset that can produce a working model in the least amount of time. Then gradually improve data quality or add new sources in a controlled manner, cataloging details such as data structure.
3. Start with a simple model. Use well-known algorithms to build a minimum viable model and test its capability of generating expected value. Improve the model accuracy by requesting and implementing business feedback throughout the development. This method helps you avoid wasted time planning projects that don't deliver results.

— Afraz Jaffri