RESEARCH REPORT

Predictions for 2015

Redesigning the Organization for a Rapidly Changing World

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KEY POINT

All of this interconnectedness and transparency, coupled with a shift in demographics, means that businesses must think about talent very differently.

2015 will be a tumultuous and transformational year in many areas of corporate talent. The global economic recovery, changing demographics, and rapid changes in the technology landscape have come together to redefine the entire nature of work. While many talk about the "new world of work," in reality we now have a "new world of life"—one in which work, home, family, and personal lives are completely interconnected in a real-time way.

Technology has taken on a pervasive presence. A few years ago, we coined the term, "a borderless workplace[1]," describing the globally connected world of work. Today, even that phrase seems old-fashioned, since everything in our *lives* is now borderless. We share pictures, status, feelings, and location information with our friends and work associates instantaneously. Facebook, Google, LinkedIn, Twitter, and Glassdoor have become ubiquitous parts of our work and personal lives. Mobile apps, like Snapchat, WhatsApp, and LINE, now have more than 100 million users each (monthly), making messaging and photo-sharing the fastest-growing new application categories.[2] Soon, we may carry mobile devices (such as watches, perhaps even glasses) which not only transmit information, but monitor our location, speed, who we talk with, and our health.

All of this interconnectedness and transparency, coupled with a shift in demographics (Millennials are expected to comprise 75 percent of the

1 For more information, *Predictions for 2014: Building A Strong Talent Pipeline for The Global Economic Recovery—Time for Innovative and Integrated Talent and HR Strategies*, Bersin by Deloitte / Josh Bersin, January 2014. Available to research members at www.bersin.com/library.

2 Sources: (1) "Why Marketers Should Put Snapchat On Their Home Screen," Forbes.com / Kyle Wong, October 22, 2014, http://www.forbes.com/sites/kylewong/2014/10/22/why-marketers-should-put-snapchat-on-their-homescreen/; (2) "WhatsApp, most popular instant-messaging platform, to encrypt data for millions," WashingtonPost.com / Ellen Nakashima, November 18, 2014, http://www.washingtonpost.com/world/national-security/whatsapp-worlds-most-popular-instant-messaging-platform-to-encrypt-data-for-millions/2014/11/18/b8475b2e-6ee0-11e4-ad12-3734c461eab6_story.html; (3) "LINE Corporation Announces 2014 Q3 Earnings," October 30, 2014, http://linecorp.com/en/pr/news/en/2014/862.

global workforce by 2020[3]), means that businesses must think about talent very differently. As Reid Hoffman, chairman and co-founder of LinkedIn, described in book, *The Alliance*[4], people no longer expect a "lifetime contract" in their careers. We join a company as athletes join a professional team—as long as both parties benefit from the relationship, it continues. As soon as one party or the other sees opportunities elsewhere, that party moves on. More and more, we do not really "leave" our employer when we quit; we stay in touch and join the "alumni network," often returning to the same company later when the time is right.

Employers, once in a position of power over employees, are no longer in control. Today, thanks to tremendous transparency in the job market (driven by Twitter, LinkedIn, Facebook, Glassdoor, and dozens of other online professional networks), people with in-demand skills are flooded with targeted job opportunities online.[5] *(One recent survey showed that two-thirds of all software engineers believe they could find a better job within 60 days if they just tried.)* This means if your company is *not* a great place to work, then people find out about it fast. Candidates can easily size up a potential employer on Glassdoor or LinkedIn, assess work conditions and management, and even get to know the interviewing style. The concepts of "employment brand" and "employee engagement" have merged into one—employees communicate your brand externally every day, whether you like it or not. As we sometimes say, "the war for talent is over—and talent won."

Driven by all of this connectivity and the wide array of low cost tools now available (from companies like TaskRabbit, Elance, Freelancer, and others), contingent work is common, forcing employers to offer more flexible and dynamic models to manage people. A recent study of 1,700 chief human resource officers[6] (CHROs) found that 83 percent of their organizations are increasing their part-time, contingent, or

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3 Source: "By The Year 2020, Almost Half Of The Workforce Will Be Made Up Of These People," Upworthy.com / Brandon Weber (curator), http://www.upworthy.com/by-the-year-2020-almost-half-of-the-workforce-will-be-made-up-of-these-people-5.

4 Source: *The Alliance: Managing Talent in the Networked Age*, Reid Hoffman, Ben Casnocha, and Chris Yeh / Harvard Business Review Press, 2014.

5 Source: "Dice Tech Salary Survey Results – 2014," http://resources.dice.com/report/dice-tech-salary-survey-results-2014/.

6 Source: *Workforce 2020: Building a strategic workforce for the future, Oxford Economics*, http://www.oxfordeconomics.com/workforce2020.

KEY POINT

Unfortunately most of our HR systems, programs, and initiatives are not designed to monitor or help manage this part-time or rapidly transitioning workforce, creating a need to expand our definition of talent management.

contractor workforces. Even though many of us would like to have a long-term job and steady career, we now widely accept the fact that we will work part-time or as a contractor at some point in our lives—and many of us are okay with it. U.S. healthcare reform makes this option easier than ever. Many experts believe that nearly 50 percent of the U.S. workforce may be contingent within the next five years.[7] Unfortunately most of our HR systems, programs, and initiatives are not designed to monitor or help manage this part-time or rapidly transitioning workforce, creating a need to expand our definition of talent management.

Amidst all of these changes, many traditional challenges remain. Eighty-three percent of companies are seriously worried about their leadership pipelines[8] and only 8 percent have strong programs to build leadership skills in their Millennial populations. Retention and engagement remain the number two issue around the world,[9] creating a whole new focus on employee wellness and happiness as an HR strategy. Gallup believes that only 13 percent of the global workforce is highly engaged[10] and our research with Glassdoor shows that only one-half of all employees would recommend their employers to their friends.[11] It is time to redefine the term "employee engagement," and look at new tools for employee feedback, sentiment measurement, and communications.

7 Source: *How Future-Proof is Your Workforce Strategy*, Staffing Industry Analysts-CWS Summit, May 16, 2013, https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&cad=rja&uact=8&ved=0CCQQFjAB&url=http%3A%2F%2Fwww.staffingindustry.com%2Frow%2Fcontent%2Fdownload%2F144083%2F5714369%2FThurs_1330_ThorneRichard_Onyx_cwsse13.pdf&ei=z6dvVMixB4ynNuWahEA&usg=AFQjCNHSKqAoLMws5XYVQGCs12ZOQj232w&bvm=bv.80185997,d.cGE.

8 Source: *Global Human Capital Trends 2014: Engaging the 21st-century workforce*, Deloitte Consulting LLP and Bersin By Deloitte, Deloitte University Press, April 2014, http://www2.deloitte.com/global/en/pages/human-capital/articles/human-capital-trends-2014.html.

9 Source: *Global Human Capital Trends 2014: Engaging the 21st-century workforce*, Deloitte Consulting LLP and Bersin By Deloitte, Deloitte University Press, April 2014, http://www2.deloitte.com/global/en/pages/human-capital/articles/human-capital-trends-2014.html.

10 Source: *Worldwide, 13 percent of Employees Are Engaged at Work*, Gallup.com / Steve Crabtree, October 8, 2013, http://www.gallup.com/poll/165269/worldwide-employees-engaged-work.aspx.

11 This information is based on current research by Bersin by Deloitte and Glassdoor, October 2014.

KEY POINT

No vendor seems to have everything we need—forcing us to stitch together multiple systems to create a compelling employee experience.

HR technology has become an enormous industry (more than $15 billion by many estimates[12]). Companies are scrambling to replace their legacy HR technology at a record rate; this year, the LMS market grew by 24 percent and the talent management software market grew at a similar rate.[13] Nearly every company wants to improve their capabilities in talent analytics and workforce planning, yet fewer than 14 percent have yet to make significant progress.[14]

While virtually every major HR software company now has products in this market, no vendor seems to have everything we need—forcing us to stitch together multiple systems to create a compelling employee experience. Just as traditional talent management software systems (e.g., recruiting, performance, learning, and compensation) are now combined, a new brand of tools for recognition, engagement, culture assessment, retention analytics, and wellness have emerged. The training industry has exploded with innovation, giving us access to more learning than ever before through MOOCs[15] and online video solutions. Yet companies grapple with actualizing and measuring informal learning, and still cite "building a learning culture" as one of their top challenges.[16]

12 Source: http://www.bloomberg.com/news/2012-10-11/workday-raises-637-million-in-ipo-pricing-shares-above-range.html.

13 For more information, please see these two reports: (1) *The Global Market for Learning Management Systems 2014*, Bersin by Deloitte / David Mallon, Todd Tauber, Wendy Wang-Audia, August 2014; and, (2) *The Market for Talent Management Systems 2014: Talent Optimization for the Global Workforce*, Bersin by Deloitte / Katherine Jones, Ph.D., June 2014. These reports are available to research members at www.bersin.com/library or for purchase at http://www.bersin.com/Store/.

14 For more information, *High-Impact Talent Analytics: Building a World-Class HR Measurement and Analytics Function*, Bersin by Deloitte / Josh Bersin, Karen O'Leonard, and Wendy Wang-Audia, October 2013. Available to research members at www.bersin.com/library.

15 "Massively open online course" (or MOOC) refers to a new category of vendor that provides open, no-cost (or low cost) online education and courseware. Initially, the MOOC market focused on providing academic-level courses to students around the world at little to no cost. Today, companies are building out large libraries of free or low-cost content; this market is rapidly evolving as these companies build industrial-strength learning platforms and expand their content.

16 For more information, *High-Impact Learning Culture: The 40 Best Practices for Creating an Empowered Enterprise*, Bersin & Associates / David Mallon, June 2010. Available to research members at www.bersin.com/library or for purchase at www.bersin.com/hilc.

This is my 11th year writing our predictions for HR, learning, and talent—and every year, I marvel at the number of changes, innovations, and new models for management that we uncover. I hope this report gives you perspective and context, and that you can use it to plan your HR, talent, and learning strategies for the exciting year ahead.

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Overview

In 2015, organizations should take a fresh look at the concept of talent management—to expand beyond programs and focus on solutions.

Before we discuss the trends, I would like to discuss an important shift in human resources—a move beyond "talent management" for its own sake toward a focus on strategic talent programs.

We published our first perspectives on integrated talent management back in 2006, when companies were learning how to integrate performance management, learning, leadership development, recruiting, and compensation. Today, most HR organizations understand this need for an integrated set of talent programs; more than 70 percent of the companies we talk with have a senior leader who worries about how to integrate the company's talent management processes.[17]

KEY POINT

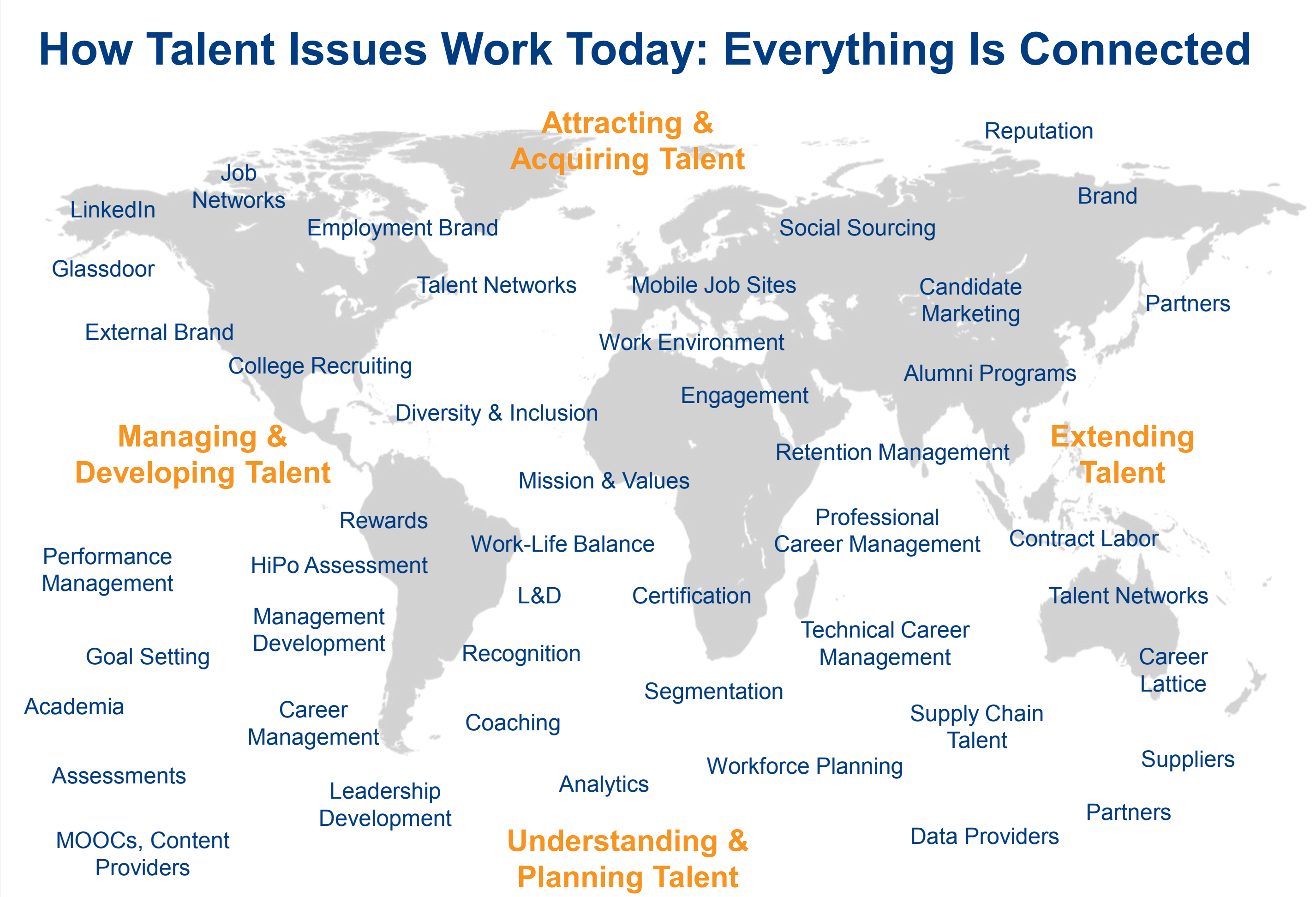
We need to expand our vision and think holistically about everything we do in HR as part of a "talent system."

As the economy starts to grow rapidly, we suggest the world has changed. While the integration of talent programs continues to be an important idea and software platforms are increasingly integrated, now *every part of HR is "integrated."* Diversity and inclusion, brand and reputation, corporate purpose and mission, and even how you manage the hourly workforce are all related to each other. So, while we still want an integrated set of talent programs, we need to expand our vision and think holistically about everything we do in HR as part of a "talent system."

This system (illustrated in Figure 1) must work together—and with external parties, like educational institutions, social and job networks, third-party vendors, alumni networks, and even competitors.

17 For more information, *TalentTrends™ 2012: A Year of Guarded Optimism*, Bersin & Associates / Kim Lamoureux and Josh Bersin, July 2012. Available to research members at www.bersin.com/library.

Figure 1: The "Talent System" of 2015[18]



Source: *Bersin by Deloitte, 2014.*

If we redefine talent management through this broader lens, then our job in HR is not just to "integrate a core set of talent programs," but rather to *develop targeted solutions* which bring these pieces together to drive the business or talent outcomes we desire. Consider the following case in point.

18 Source: *Global Human Capital Trends 2014: Engaging the 21st-century workforce*, Deloitte Consulting LLP and Bersin By Deloitte, Deloitte University Press, April 2014, http://www2.deloitte.com/global/en/pages/human-capital/articles/human-capital-trends-2014.html.

Case in Point: High-Tech Company

A fast-growing high technology company was struggling to hire Linux-trained technical professionals. The area in which the company's headquarters are located simply did not have enough people to support its growth. Should the company import talent? Relocate its team? Or open a new office?

After the company assessed the cost of each alternative, it decided on an innovative approach—a bold, new employment brand coupled with a free training program that trains local people to become technical experts. This was an innovative solution to the age-old problem of hiring great people—and the result was outstanding. The company not only filled its pipeline, but also generated tremendous amounts of positive PR. It is now even more highly regarded as a great place to work. Also, the cost of training candidates through this program was far lower than the cost of relocating people or moving the team.

The following case in point is an example of an integrated talent solution—one that brings together a variety of talent strategies to solve a particularly important problem.

Case in Point: An Insurance Company

An insurance company recently spun off from its parent to focus on the fast-growing insurance markets in Asia. This company realized that, in order to grow rapidly, it had to reorganize from a "command-and-control" structure to one of highly empowered country business leaders. How could the company rapidly identify, assess, and develop or recruit these leaders to make this change happen?

The answer is through a variety of talent strategies—a completely reengineered performance management and assessment strategy; a shift in leadership values and culture; and, a refocus on empowerment, business planning, and technical training in the fast-growing economies. These talent strategies came together to form a powerful business-driven solution designed to help the company maintain its rapid growth.

KEY POINT

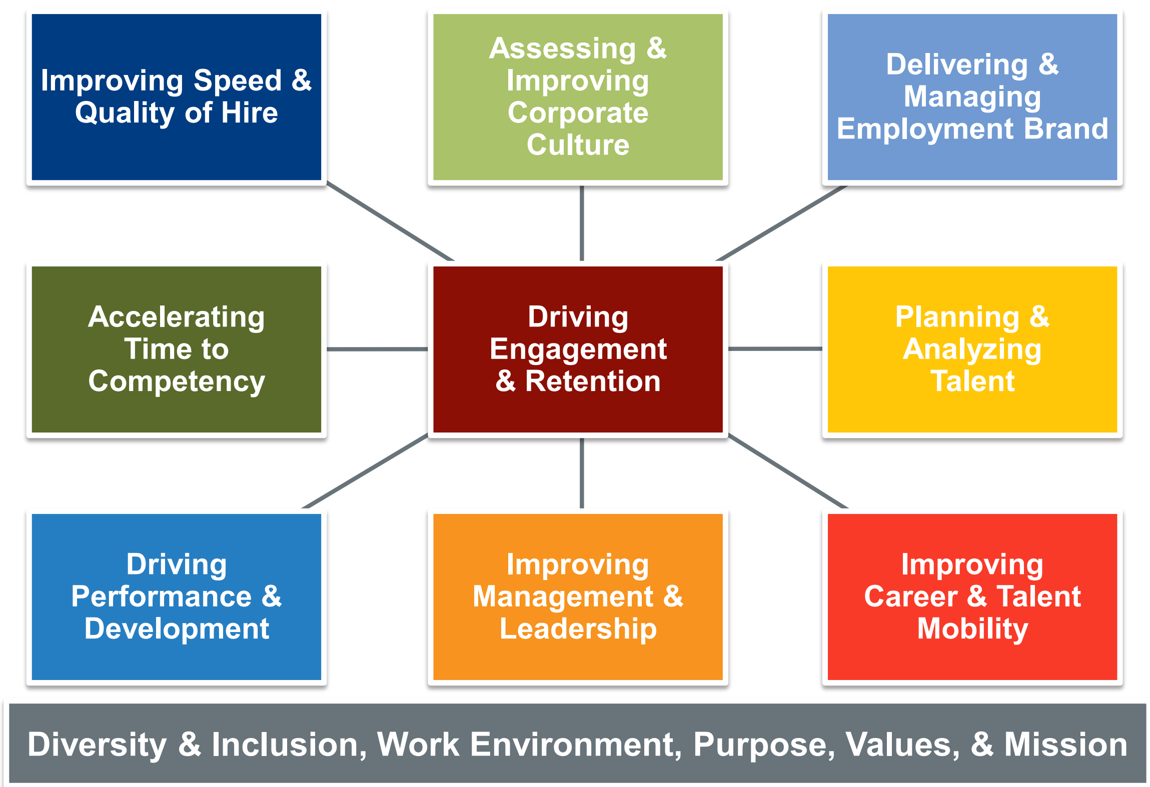
In 2015, we should focus on "targeted talent solutions" which drive "talent and business outcomes."

Every part of HR touches everything else. Performance management impacts development planning, career progression, and selection. Talent acquisition is impacted by employment brand, talent mobility, and varying internal demands for skills. Once independent, programs like diversity, inclusion, engagement, and employee communications are now part of everything we do.

In 2015, instead of only worrying about how our various HR programs fit together and impact each other, we should focus on "targeted talent solutions" which drive "talent and business outcomes." This means developing a set of clear strategies first, which we then use as guideposts to help to redesign, implement, or buy solutions in each area.

As we work with clients in many industries, our research shows that there are nine fundamental talent imperatives for 2015 (see Figure 2).

Figure 2: The Nine Critical Talent Imperatives for 2015[19]



Source: *Bersin by Deloitte, 2014.*

19 Source: *Global Human Capital Trends 2014: Engaging the 21st-century workforce*, Deloitte Consulting LLP and Bersin By Deloitte, Deloitte University Press, April 2014, http://www2.deloitte.com/global/en/pages/human-capital/articles/human-capital-trends-2014.html.

As Figure 2 illustrates, these nine imperatives, which are important to every organization but vary in priority, all work together. If you want to improve speed and quality of hire, for example, then you have to improve employment brand, implement strategic sourcing, assess and categorize your culture, communicate open positions and recruit internally, train managers to be good interviewers, and provide a compelling work experience and career opportunities so that people inside the company invite their friends to join. All of these things may be separate programs today; so, rather than optimize each alone, they should all be considered part of one "imperative"—hiring the leading people in the speediest and most cost-effective way.

At the bottom of Figure 2, we describe a set of environmental issues which HR should address:

- Creating a diverse and inclusive workplace
- Building flexibility and balance into the work environment
- Communicating values and mission
- Communicating and driving change

In 2015, rather than focus on simply innovating in each individual part of HR, companies should focus on prioritizing these imperatives and design integrated, targeted solutions that achieve specific business outcomes.

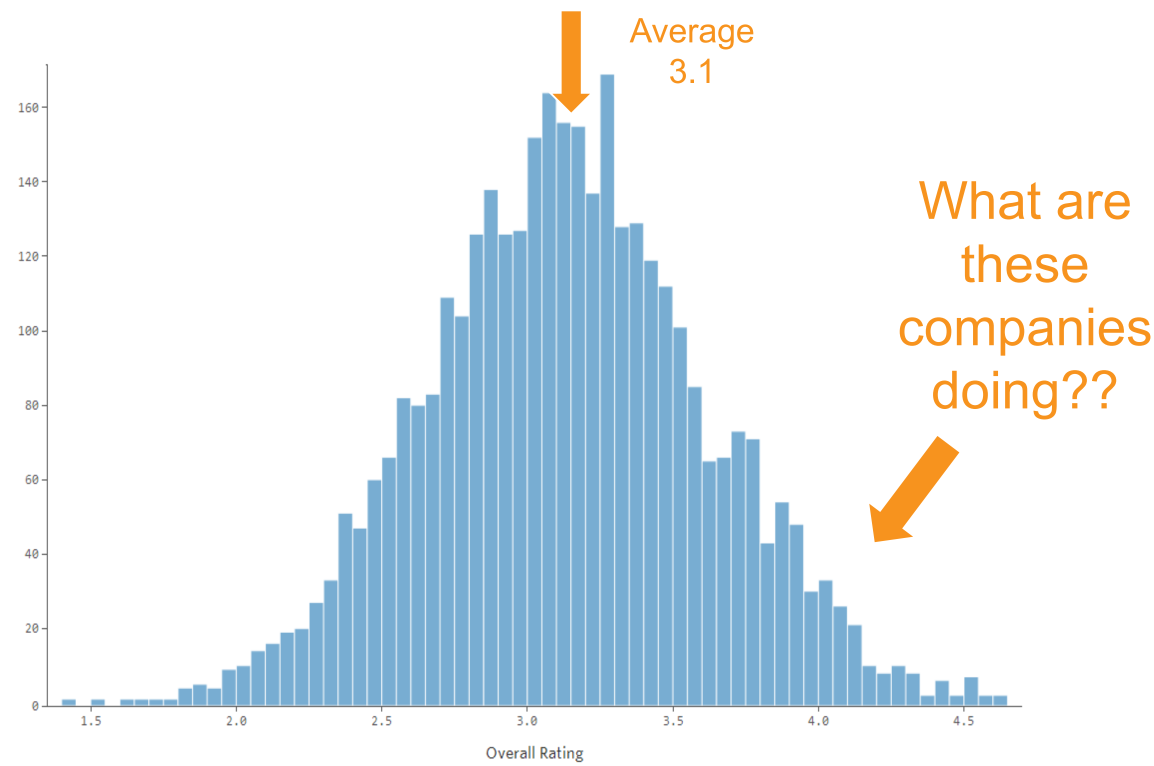
With this background to consider, let us now examine the top trends for 2015, each of which explains priorities for 2015 in these different areas.

Ten Key Trends for 2015

1. Engagement, Retention, Culture, and Inclusion Have Become Front Burner Issues

Let us start with perhaps the most interesting and important issue on the minds of business leaders today—how do we attract, engage, and lead people in this new world of work? Our research shows that engagement is now the number two issue on the minds of HR leaders (preceded only by leadership). When we ask employees to rate their company on a five-point scale, the average response is only around three (see Figure 3).[20]

Figure 3: Engagement Is a Global Challenge[21]



Glassdoor Ratings of Employer (Recommended to friends), 20,000+ Respondents

Source: *Bersin by Deloitte, 2014.*

20 This information is based on current research by Bersin by Deloitte and Glassdoor, October 2014. Twenty-thousand-plus anonymous employee ratings were collected on the question, "How well would you recommend your company as a place to work?"—using a five-point scale.

21 This information is based on current research by Bersin by Deloitte and Glassdoor, October 2014.

PREDICTIONS

Employee engagement has become central to everything we do in HR. Today, it has become the center of all major talent, leadership, and HR strategies.

Low engagement today is a significant business risk. In today's transparent job market, employment brand and employee engagement have become synonymous. If people are unhappy at work, then they are likely telling others—making it harder to hire good people. So, a focus on engagement, which we put in the center of our nine imperatives (see Figure 2), is a high priority everywhere.

If you think about it logically, engagement is all a company really has. We can build great leadership, hire top people, train people well, and coach them expertly—but, if they do not like their jobs and the mission of the organization, then they will not deliver with quality. Above-average compensation, while a positive step, ultimately does not solve the problem; our research shows that compensation ranks lower than almost all other factors in engaging people at work.[22]

Leaders tell us that the issues of engagement and building an enduring culture are business-critical. Consider the following case in point.

Case in Point: A Manufacturing Company

One of the world's largest manufacturers (which operates in hundreds of businesses around the globe) has found that its performance over the last few years has been uneven. Why? The company's disparate businesses were not working together, management was not clearly articulating company strategy, and some older businesses were not keeping up.

The solution? The company is now embarking on a global program to assess and realign its corporate culture. The goal is to identify disparities, build alignment, and then improve internal mobility and engagement to help the company to grow.

In many big companies, complexity is part of the problem. During 2014, we studied global human capital trends and found that "the

22 Source: *The 7 Key Trends Impacting Today's Workplace*, Tinyhr.com, 2014, http://www.tinyhr.com/2014-employee-engagement-organizational-culture-report.

overwhelmed employee" was one of the biggest challenges in business.[23] Workers are flooded with emails and conference calls; they check their mobile device 150 times a day; and, they feel as though they are flooded with demands on a 24x7 basis from colleagues around the world. Psychologists and neurologists tell us that people are multitasking too much, losing sleep, and finding work more difficult than ever.[24]

Have we found solutions to this problem yet? Not quite, but this year we must all try harder. Hundreds of conferences, consultants, books, and seminars on mindfulness, yoga, self awareness, and relaxation have appeared. Companies, like Pfizer, now teach mindfulness in their leadership development programs. More and more celebrities are promoting the fact that health, sleep, and meditation are secrets to business success.

Diversity and inclusion, unconscious bias, and gender issues are on a similar trend. This year, Facebook, Google, Twitter, and Apple Inc.[25] each disclosed that the bulk of their engineering and technical professionals are male.[26] While the CEOs of these companies are now talking about the issue openly, it begs the question of why the pipeline of candidates is not more diverse and why only 4.8 percent of all *FORTUNE* 500 CEOs are women.[27] Inclusion and diversity are business problems. Our *Simply Irresistible*[28] engagement research shows that diversity and inclusion directly impact employee engagement; Deloitte Australia research shows

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23 Source: *Global Human Capital Trends 2014: Engaging the 21st-century workforce*, Deloitte Consulting LLP and Bersin By Deloitte, Deloitte University Press, April 2014, http://www2.deloitte.com/global/en/pages/human-capital/articles/human-capital-trends-2014.html.

24 Source: *The Great Human Experiment: Technology and the Brain*, Wisdom 2 Conference / Larry Rosen, March 2, 2014, Larry Rosen, http://www.wisdom2conference.com/.

25 Please Note: This report, *Predictions for 2015: Redesigning the Organization for a Rapidly Changing World*, is an independent publication, and has not been authorized, sponsored, or otherwise approved by Apple Inc.

26 Source: "The Silicon Valley Diversity Numbers Nobody Is Proud Of," Bloombergnews.com / Mark Milian, August 12, 2014, http://www.bloomberg.com/news/2014-08-12/the-silicon-valley-diversity-numbers-nobody-is-proud-of.html.

27 Source: "Number of Fortune 500 women CEOs reaches historic high," FORTUNE.com / Caroline Fairchaild, June 3, 2014, http://fortune.com/2014/06/03/number-of-fortune-500-women-ceos-reaches-historic-high/.

28 This information is based on ongoing research by Bersin by Deloitte. For more information, *Simply Irresistible: Engaging the 21st Century Workforce*, Bersin by Deloitte / Josh Bersin (keynote presentation), April 2014. Available to research members at www.bersin.com/library.

that highly diverse teams outperform nondiverse teams by as much as 80 percent. (Research by Catalyst validates this at a board and senior executive level.)[29] So, in 2015, inclusion and diversity should be high on your agenda.

What about the engagement survey? While more than 80 percent of companies survey their employees on an annual basis, research by The Engagement Institute found that, even among leading thinkers in this area, fewer than one-half of top executives know what to do about the results of the survey.[30]

KEY POINT

The employee engagement industry itself is ripe for disruption.

The employee engagement industry itself is ripe for disruption. Clients tell us that the traditional annual engagement survey is not fast, actionable, or local enough to give managers and leaders the information they need. In 2015, a flurry of new tools (such as pulse surveys and beyond) will likely start to give managers and leaders real-time feedback on employee satisfaction and sentiment in almost every possible area—making engagement a more real-time and actionable topic among HR and business leaders. Think about it as the "always on, anonymous suggestion box" for business. Data about the work environment, managerial capabilities, and the company's mission will appear everywhere—and your job is to collect it, act on it, and use it effectively as fast as you can.

Finally, this is the year to focus on culture. If we measure and understand our culture well, we can then hire people who fit and use our culture to drive performance and alignment. If we have a disparate, unclear, or unhealthy culture, then we need to measure it more carefully and take steps to make it better.

How do we measure, monitor, and benchmark culture? A flurry of new tools to assess culture are now available (including one by Deloitte); these tools, while all different, use research-validated methods to measure how strong, weak, and consistent your culture may be. If your leadership team has not tried to "write down" or "describe" your culture clearly, you may be missing a major opportunity. Companies now use

29 Source: "How Diversity Makes Us Smarter," ScientificAmerican.com / Katherine W. Phillips, September 16, 2014, http://www.scientificamerican.com/article/how-diversity-makes-us-smarter/.

30 Source: "How Organizations Create and Sustain Highly Engaging Cultures," The Conference Board, The Engagement Institute™, https://www.conference-board.org/subsites/index.cfm?id=15136.

culture as a tool to assess candidates, identify leaders, drive change, and improve productivity.

Ultimately, the issues of engagement and culture come down to leadership. If CEOs and business leaders are not talking with employees, examining the work environment carefully, and holding supervisors responsible for engagement, they will likely find that their organizations suffer.

Our new Simply Irresistible Framework, which brings together many areas of Bersin by Deloitte research, shows the expansive nature of the engagement topic today. The Framework identifies five major elements of engagement and 20 important strategies—many of which fall into the hands of HR to manage. We should consider employee engagement a central part of every HR program today—how we hire, how we manage, and how our organization works.

Figure 4: The Simply Irresistible Organization

What We Have Learned: An Integrated Approach Is Needed

Meaningful Work	Great Management	Fantastic Environment	Growth Opportunity	Trust in Leadership
Autonomy	Agile Goal-Setting (i.e., objectives & key results-OKR)	Flexible, Humane Work Environment	Facilitated Talent Mobility	Mission & Purpose
Selection to Fit	Coaching & Feedback	Recognition-Rich Culture	Career Growth in Many Paths	Investment in People; Trust
Small Teams	Leadership Development	Open, Flexible Work Spaces	Self & Formal Development	Transparency & Communication
Time for Slack	Modernized Performance Mgmt.	Inclusive, Diverse Culture	High-Impact Learning Culture	Inspiration

Source: *Bersin by Deloitte, 2014.*

2. The Redesign of Performance Management Will Likely Continue

PREDICTIONS

Performance management is often the cause and symptom of a change in corporate culture or strategy. In 2015, organizations should look to make it more simple, transparent, and developmental in nature.

The next area of focus for 2015 is the continued redesign and reassessment of the performance management (or performance appraisal) process. Throughout 2014, we found companies struggling to fix this overly complex, unhappy process—to make it simpler, more coaching-oriented, and more focused on development. Sadly, our research in early 2014 found that only 8 percent of global organizations believe their performance management process is worth the time they put into it.[31] The race is on to change it around the world.

How did this process suddenly become so obsolete? A confluence of issues have come together to make it time for change.

- An influx of younger workers and tightened demand for skills have made it increasingly important to focus on coaching and development, not just competitive evaluation. The "up or out" model of talent management does not work well when talent is highly mobile, specialists are of increasing value, and people want more career mobility. Of course companies need to determine who the future leaders and high potentials are, but to accomplish this at the expense of alienating others hurts the entire organization.

- Today, people often have many managers—teams are frequently led by team leaders and work in a cross-functional way, so the traditional manager-led evaluation is limiting. Our research shows that spans of control are 20 percent to 30 percent higher today than only five years ago and we expect this trend to continue.[32] So, feedback should come from many places, not only a single manager.

- New research on the neurology and psychology of work shows that numeric ratings, rankings, and formal evaluations without positive feedback actually reduce performance,[33] despite the hope to create

31 Source: *Global Human Capital Trends 2014: Engaging the 21st-century workforce*, Deloitte Consulting LLP and Bersin By Deloitte, Deloitte University Press, April 2014, http://www2.deloitte.com/global/en/pages/human-capital/articles/human-capital-trends-2014.html.

32 For more information, *The Leadership Development Factbook 2014: Benchmarks and Trends in U.S. Leadership Development*, Bersin by Deloitte / Karen O'Leonard and Jennifer Krider, May 2014. Available to research members at www.bersin.com/library/ldfactbook.

33 Source: http://www.neuroleadership.com/.

a more competitive workplace. Companies like Adobe and Motorola Solutions found that, by eliminating traditional ratings, they can dramatically improve engagement, retention, and performance.

- The concept of the "bell curve" to understand performance is not truly representative of employee value. Research shows that "hyper-performers"[34] are alienated by the traditional model of performance distribution, which forces people into quintiles.
- Social tools now let people share goals, recognition, and work-related information in a transparent way—again creating a new peer-to-peer dynamic for performance evaluation. Google's and Intel's adoption of OKR[35] (objectives and key results), for example, have shown that a more agile, transparent model for feedback can create much higher levels of performance and innovation.

In 2014, more than 70 percent of the companies we surveyed were considering a redesign and simplification of their process[36]; in 2015, this trend will likely continue, taking advantage of the learnings of others.

Our research shows that several important issues should be addressed as you take on this important and highly strategic project.

- Companies should revisit the "why" of their performance management process, to make sure that they know what business, talent, and cultural outcomes they are trying to achieve.
  - Are we going through a turnaround?
  - Are we trying to weed out low-performing, entitled people?
  - Are we competing for top talent?
  - How much differentiation in compensation do we want to create?

  These philosophical issues should be addressed before you redesign the process.

34 Source: "The Myth Of The Bell Curve: Look For The Hyper-Performers," Forbes.com / Josh Bersin, February 19, 2014, http://www.forbes.com/sites/joshbersin/2014/02/19/the-myth-of-the-bell-curve-look-for-the-hyper-performers/.

35 Source: http://en.wikipedia.org/wiki/OKR.

36 Source: *Global Human Capital Trends 2014: Engaging the 21st-century workforce*, Deloitte Consulting LLP and Bersin By Deloitte, Deloitte University Press, April 2014, http://www2.deloitte.com/global/en/pages/human-capital/articles/human-capital-trends-2014.html.

- Performance coaching and development are among the most important parts of the process, so companies should help managers to focus here first. One technology company now forces managers to have monthly "feedback meetings" with people as part of the process of developing a culture of conversations, goal-setting, and ongoing performance discussions.

- Our research shows that goal management, which has for years been a top-down cascading process in many organizations, should be more agile, frequent, and transparent. High-performing companies keep goals simple; they revisit them often (even weekly); and, managers and employees make their goals public for all to see.[37]

- The numeric rating should play a much lesser role than it previously has. While we must compare people with their peers during talent reviews and calibrations, giving someone a single rating (typically on a five-point scale) is not always productive. So, companies are using new values-based scales and other methods to give people feedback and advice, not just a "grade."

- Companies should loosen the connection between compensation and the performance rating itself. While performance is a major contributor to compensation, it should not be the only input. Today, forward-thinking companies reduce or separate these conversations entirely—and give employees compensation adjustments based on performance, customer impact, skill scarcity, and the competitive nature of their positions. The one-to-one match between "rating" and "compensation" is becoming a thing of the past.

- Consider making the process simpler. Many performance management processes make supervisors crazy with forms, procedures, and tasks. Rather than focusing on the "process," leading-edge companies are moving back to a focus on "management," and giving managers a credo, philosophies, tools, and skills to manage well—enabling managers to "manage their teams in their own way."

- The HR software industry is starting to adapt. The large vendors are slowly starting to build more agile performance management tools; a flurry of new vendors are launching low-touch, agile, easy-to-use

[37] For more information, *Evolving Goal Setting and Revising for the Modern Workforce* (presentation), Bersin by Deloitte / Stacia Sherman Garr, July 25, 2013. Available to research members at www.bersin.com/library.

performance and goal management tools that any company can use. We recommend that you look at these new tools and make sure your incumbent vendor has a strategy to help you to implement a more agile, simple solution.

3. Time to Address the Overwhelmed Employee: How Do We Redesign and Simplify the Workplace?

PREDICTIONS

Research shows that employees in almost all roles are "overwhelmed" by the ever-increasing flood of technology, messages, and tasks at work. Simplifying the workplace must be a top priority for HR in 2015.

The issues of engagement, retention, and improving management practices will only go so far—if work itself and the environment are not enjoyable, then people will likely be unproductive and leave. As the Simply Irresistible Framework (Figure 4) shows, there are a range of issues in the work environment that should be addressed in 2015.

Deloitte's global human capital trends research shows that more than two-thirds of all organizations believe that their employees are "overwhelmed" with too much information, too many projects, too many meetings and phone calls, and an always-on 24x7 work environment.[38] Research[39] shows that, on average, people check their cellphones and email hundreds of times a day, and we know that every stimulus we get at work (even the beep we hear when a new email arrives) creates an addictive reaction that increases peoples' stress.[40]

In 2015, as more technology floods the workplace (smart watches, wearable devices, and even smarter phones), HR should take a hard look at the entire work environment—and advise business leaders about steps they can take to make work more humane, rational, and simple.

Some of the programs and examples that may prove to be tremendously important in 2015 include the following.

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38 Source: *Global Human Capital Trends 2014: Engaging the 21st-century workforce*, Deloitte Consulting LLP and Bersin By Deloitte, Deloitte University Press, April 2014, http://www2.deloitte.com/global/en/pages/human-capital/articles/human-capital-trends-2014.html.

39 Source: *Internet Trends 2014 – Code Conference*, KPCB / Mary Meeker, May 28, 2014, http://www.kpcb.com/internet-trends.

40 Source: *The Great Human Experiment: Technology and the Brain*, Wisdom 2 Conference / Larry Rosen, March 2, 2014, Larry Rosen, http://www.wisdom2conference.com/.

- Flexible working conditions let people move around, vary their hours, change their work location, and even work from home as needed. Most of us have children, families, and aging parental responsibilities—so we need flexibility and freedom to work when and where we want. Office furniture companies and most startups show that the average amount of "office space" being used in the U.S. is smaller than ever, but people have more places to work from and more freedom to move.[41]

- Open offices, a fad in many locations, are a mixed blessing. Research[42] shows that workspaces which encourage collaboration have a positive impact on productivity—but wide-open offices can create undue stress for many. So companies need a well-informed strategy for workspace design, not just a trendy-looking new workspace.

- Free food, unlimited vacation, hot breakfast, yoga classes, nap rooms, mindfulness programs, and work-life balance programs are increasingly more important. Many will argue that these programs are simply high-cost perks, which only make sense in highly competitive markets like Silicon Valley. Our research disagrees—more and more companies we talk with tell us that they save money and improve productivity by making the workplace more humane. Research shows that, when people feel more comfortable at work, they work harder, are more productive, and can tolerate longer working hours.[43]

  (Note: We are not necessarily advising companies to ask people to work more hours. In fact, the Simply Irresistible research shows that giving people slack time improves productivity. But systems that reduce commute time and give people places to work at their choice often make them more productive.[44])

41 Source: "Changing Office Trends Hold Major Implications for Future Office Demand," CoStar.com / Mark Heschmeyer, March 13, 2013, http://www.costar.com/News/Article/Changing-Office-Trends-Hold-Major-Implications-for-Future-Office-Demand/146580.

42 Source: "the Open-Office Trap," NewYorker.com / Maria Konnikova, January 7, 2014, http://www.newyorker.com/business/currency/the-open-office-trap.

43 Source: http://www.greatplacetowork.com/.

44 This information is based on ongoing research by Bersin by Deloitte. For more information, *Simply Irresistible: Engaging the 21st Century Workforce*, Bersin by Deloitte / Josh Bersin (keynote presentation), April 2014.

- Formal programs from the CEO on down to encourage people to take vacation and relax when they are not at work are now becoming common. In 2013, several high-profile financial services executives died of apparent suicides.[45] Companies in this industry are now creating formal programs to improve work-life balance. One organization we talked with penalizes employees for sending emails while on vacation; another company's CEO formally takes weeks off at a time, and makes it a point not to send emails or contact his subordinates; even consulting firms, like Deloitte, are pushing people to work in smaller teams, change their work arrangements, and give people more freedom to take off time during the week. Email policies are also important. Companies like Google[46] give employees guidelines from the CEO on how to keep emails short, reduce the number of people copied, and help to make work more productive.

- Keep teams small. Studies demonstrate[47] that small teams often outperform big teams. When people work closely with a small group and get to know each other day after day, they make decisions faster, collaborate more openly, and innovate more. Jeff Bezos calls this the "two pizza rule"—if there are more than two pizzas in the staff meeting, the team is too big.

- Simplify the work environment wherever we can. I have studied dozens of learning and HR programs that involve complex competency models, multistep programs, and highly complex software systems. While designing such programs and systems is fun and exciting, all this complexity creates more work. Not only does it cost a lot of money to train people on complex, multistep programs,

45 Sources: (1) "A Rash of Deaths and a Missing Reporter – With Ties to Wall Street Investigations," WallStreetonParade.com / Pam Martens, February 3, 2014, http://wallstreetonparade.com/2014/02/a-rash-of-deaths-and-a-missing-reporter- percentE2 percent80 percent93-with-ties-to-wall-street-investigations/; (2) "Financial death toll rises to 6, as JP Morgan employee jumps from Asian HQ," RT.com, February 19, 2014, http://rt.com/business/jpmorgan-third-banker-suicide-655/; and, (3) "After Executive's Suicide, Ackermann Quits Zurich Insurance's Board," NYTimes.com / Jack Ewing, August 29, 2013, http://www.nytimes.com/2013/08/30/business/global/after-a-suicide-chairman-of-zurich-insurance-quits.html?_r=0.

46 Source: *How Google Works*, Eric Schmidt and Jonathan Rosenberg / Grand Central Publishing, 2014.

47 Source: "Leading Teams: Setting the Stage for Great Performances - The Five Keys to Successful Teams," Harvard Business School Working Knowledge / Mallory Stark, July 15, 2002, http://hbswk.hbs.edu/archive/2996.html.

but they are often underutilized. In 2015, we encourage HR teams to simplify wherever possible—take a seven-step process and reduce it to three; take a competency model with 20 competencies and reduce it to 10 or less; redesign the user interface of your software to have only a few buttons or swipes of the phone. People do not want to "learn software" any more—they expect to just "use it."

Simplification does not mean being simplistic; it means taking a sophisticated view of a program or process, detailing all that it entails, and then carefully and ruthlessly stripping out what is not urgently needed. This is the same process that writers use to produce a great book—they simplify and simplify until it flows well. Many of the world's best software and internal programs are simple—we in HR should teach ourselves this discipline.

4. Skills Are Now Currency; Corporate Learning Takes on Increasing Importance

PREDICTIONS

2015 is a transformational year for L&D; organizations should redesign their "learning architecture," and bring formal, informal, and the exploding world of external content into an integrated digital learning experience for employees.

Almost every research study we perform (and most of the ones we read) talks about the scarcity of critical skills in the workforce—this problem never seems to go away. As technology and business trends evolve, professionals at all levels have to continuously reskill themselves to stay current and relevant.

In many ways, skills are now the new economic currency. Research by Erik Brynjolfsson and Andrew McAfee of MIT shows that increased specialization of workforce skills has directly impacted the whole economy.[48]

1. It Impacts Jobs—Research in the U.K. projects that almost one-half of the jobs we have today will likely be totally eliminated in the next 10 years.[49] Jobs in accounting, law, service, and many white-collar position are now threatened to be eliminated or radically changed by technology.

48 Source: *Race Against The Machine: How the Digital Revolution is Accelerating Innovation, Driving Productivity, and Irreversibly Transforming Employment and the Economy*, Erik Brynjolfsson and Andrew McAfee / Digital Frontier Press, 2011.

49 Source: *The Future of Employment: How Susceptible Are Jobs to Computerisation?*, Oxford University, September 17, 2013, http://www.futuretech.ox.ac.uk/sites/futuretech.ox.ac.uk/files/The_Future_of_Employment_OMS_Working_Paper_1.pdf.

2. It Impacts Earnings—Eighty percent of the economic growth we saw in the most recent economic recovery went to only 2 percent of the U.S. population. Economists believe that today skills and talent, not experience or tenure, drive earnings power and financial success.

As HR and L&D leaders, we deal with this issue every day. There is a never-ending clamor of demand for training on technical topics, managerial skills, team leadership and project management, and company-specific systems and processes. Organizations have to seek out and buy (or build) technical programs to make sure that all professionals are both current and staying ahead in their domains. One oil company we met with this year told us that it spends more than $5 million per year on simulations to make sure all of its exploration professionals stay current on all new science of drilling and geology for deep-sand and deep-water exploration.

In 2015, a world of content is exploding to help. MOOCs (there are dozens of them) and content marketplaces (such as Udacity, Udemy, NovoEd, Lynda.com, and Open Sesame) are unleashing an enormous new world of online content. This year, you should take the time to familiarize yourself with all of these options and make sure you are leveraging them in your total training solution.

The learning technology market has also rapidly evolved. LMS platforms (there are more than 600 LMS providers worldwide[50]) are now getting increased investment as vendors focus on improving the learning experience and applying big data analytics to the problem. SAP, Saba, Skillsoft, Cornerstone OnDemand, Wiley CrossKnowledge, ADP, and IBM have all invested in new LMS interfaces that make learning easier and provide Netflix-like "recommendations" for learning. In 2015, you should reevaluate your learning platform; make sure you have a plan to deliver a "digital learning experience" that lets people rapidly find the content they need, helps them to find experts, and advises them on the formal training appropriate to their roles. The LMS market grew by 24 percent in 2014 and we expect that growth rate to continue.[51]

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50 For more information, *The Global Market for Learning Management Systems 2014*, Bersin by Deloitte / David Mallon, Todd Tauber, Wendy Wang-Audia, August 2014.

51 Ibid.

KEY POINT

Despite the growth in digital content, face-to-face learning is back. As organizations become more global, we need to meet each other to learn and share.

Two endemic problems still plague training departments:

1. Too Much Content—Often a large catalog which is barely being used
2. Not Enough Context—Too hard to find things, not enough self-authored content, and a continuous need to make content more engaging

We strongly recommend that companies take the time to analyze and rationalize their vast arrays of content.

Despite the growth in digital content, face-to-face learning is back. As organizations become more global, we need to meet each other to learn and share. Companies are reopening and building new corporate universities to help in bringing global teams together, and to make sure that their culture and connections are as strong as their learning content.

The biggest trends for 2015 will likely include:

- Explosion in availability of high-quality, low-cost content from MOOCs and new content providers (MOOCs are now delivering as many enrollments as corporate training content around the world)[52]
- LMS providers are starting to deliver Big Data analytics to provide learning recommendations and smart learning paths for employees (Skillsoft, SumTotal, SAP, IBM, and Saba have all announced such programs)
- Mobile learning tools will likely evolve into learning "apps" which look more like on-the-job performance support; learning embedded in work (learning events which pop up based on an employee's activities) will likely start to become common
- Companies should focus on building a complete learning experience:
    - Including a focus on learning culture
    - Bringing people together to meet each other and leaders
    - Modernizing the digital learning experience

  TED talks and YouTube have now set a standard for easy-to-find, easy-to-use video; Millennials will likely look for similar systems in your own company

52 Source: *Learning in the Workplace Survey*, Centre for Learning & Performance Technologies / Jane Hart, June 4, 2014, http://www.c4lpt.co.uk/blog/2014/06/04/learning-in-the-workplace-survey-2014/.

- Focus on instructional design will likely continue, but a higher percentage of learning may be subject-matter expert-authored videos and links to outside sources

- Companies should take a "supply chain" view of skills, realizing that it often takes many years for employees to build deep skills within their roles or organizations; career development programs, job rotations, competency-based assessments, and simulations are increasingly important

- The measurement of learning will likely continue to be a topic of discussion, but more of the tools developed for "learning analytics" will likely go away and be replaced by a more integrated focus on "talent analytics" as we discuss later; we also see an explosion of interest in accreditation—both from content providers and third parties; startups, like Degreed, for example, are making a business of accrediting people across all their learning experiences

KEY POINT

Remember that building a leading L&D function will likely not only drive performance, but also improve employee engagement.

Remember that building a leading L&D function will likely not only drive performance, but also improve employee engagement. L&D should be a poster child of "people investment" in your company—creating not only great training, but also reinforcing the culture of learning. Our research on learning culture[53] shows that, among all of the different investments in learning you can make, creating a culture of learning is the most important of all.

Finally, in 2015 as the economy grows, we recommend that you refocus your efforts on the transformation of the learning function itself. High-impact learning organizations carefully blend centralized programs and infrastructure with local learning teams in the business—sharing infrastructure and corporate programs wherever possible. Building this rationalized model will save money, improve results, and make your team more productive. Our High-Impact Learning Organization® research, which has been published four times since 2006, can help you to understand this process. The following case in point highlights the importance of transforming the learning function.

53 For more information, *High-Impact Learning Culture: The 40 Best Practices for Creating an Empowered Enterprise*, Bersin & Associates / David Mallon, June 2010.

Case in Point: A Technology Company

A major technology company with more than 100,000 employees recently appointed a global CLO to rationalize the company's learning programs. After receiving board-level approval to centralize budgets, she identified more than 60 different learning teams, as well as hundreds of subgroups that build training programs, buy content from vendors, select and use different tools, and store and distribute learning content. While all of this innovation is not a bad thing, it is wasteful and inconsistent.

The CLO is currently rationalizing this spending and expects to build a far more integrated, powerful, yet similarly innovative learning strategy in the coming year. Just coordinating the learning programs is expected to save more than $40 million per year—and will allow the organization to actually increase spending on leadership, managerial programs, and technical skills.

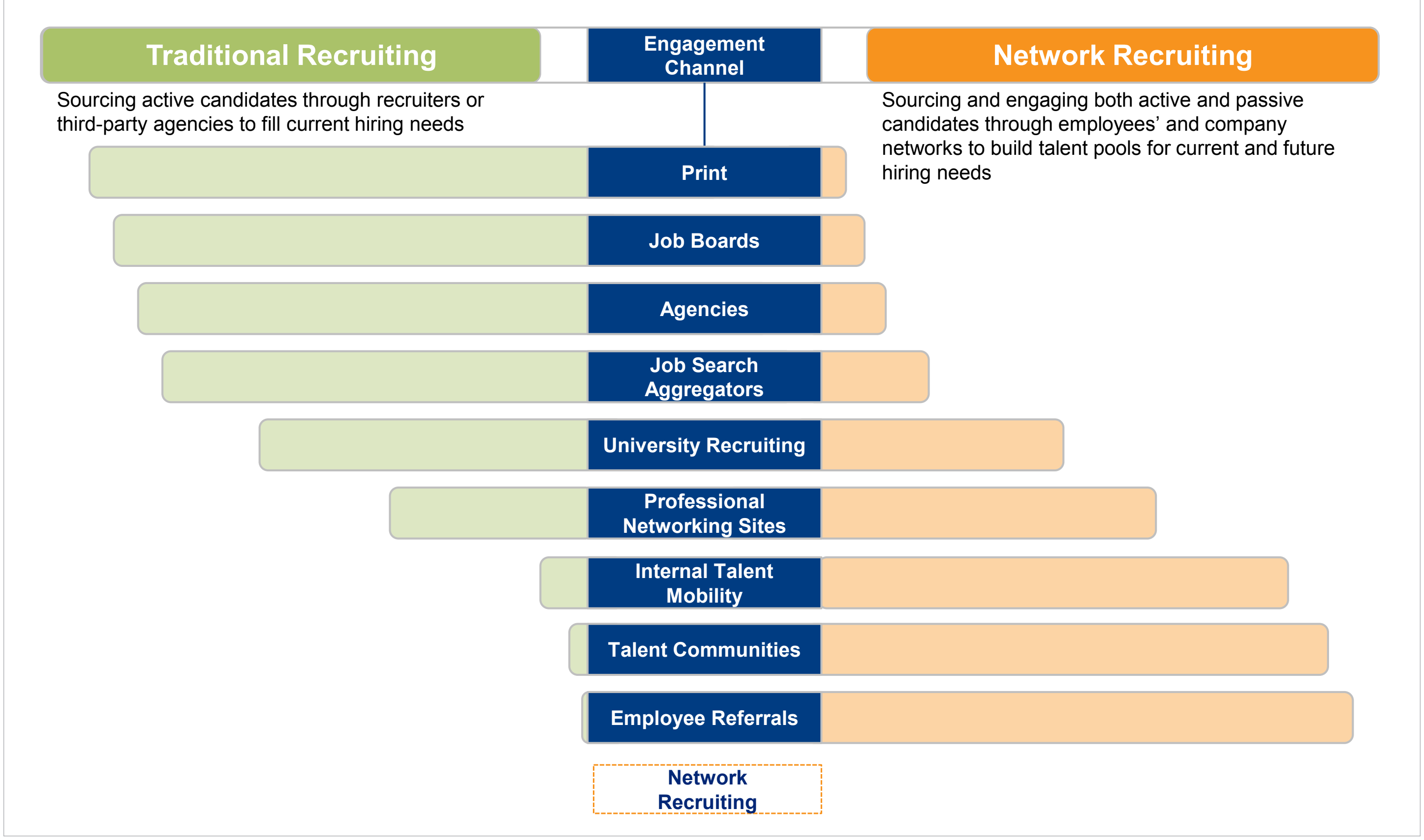
5. Invest, Refocus, and Redesign Talent Acquisition—Leveraging Network Recruiting, Brand Reach, and New Technologies

Possibly the most important thing that managers and leaders do in business is to hire the right people. If we cannot figure out how to hire, source, and assess the right candidates, and get these people to join our organization, we simply cannot grow. If we sacrifice quality and rush to hire someone who "almost fits," no amount of training, coaching, or performance management can fix the problem.

Today, the world of recruiting has dramatically changed. Not only must we know how to source and assess candidates throughout our global network—we must also learn how to differentiate ourselves through our brand, candidate experience, and candidate relationship management process.

At a high level, the world of recruiting may be shifting from that of "traditional recruiting" to what we think of as "network recruiting." (See Figure 5.) Our company and brand extend into a network of candidates, potential candidates, employees, contractors, and alumni. If we can learn to leverage, manage, and communicate through this network, we can dramatically increase speed and quality of hire.

Figure 5: How Recruiting Is Evolving[54]



Source: *Bersin by Deloitte, 2014.*

As Figure 5 shows, network recruiting demands an engaging set of programs and tools to communicate with, attract, and assess candidates. In 2015, it will be important for talent acquisition teams to think about this network (which includes college graduates, prospects, candidates, alumni, as well as employees and their referrals) as one integrated network that is interested in your company. Everything you do to

54 Source: *Global Human Capital Trends 2014: Engaging the 21st-century workforce*, Deloitte Consulting LLP and Bersin By Deloitte, Deloitte University Press, April 2014, http://www2.deloitte.com/global/en/pages/human-capital/articles/human-capital-trends-2014.html.

PREDICTIONS

Talent acquisition is the most important thing HR does. In 2015, organizations must embrace network recruiting, and focus on brand, candidate relationship management, referral recruiting, the data science of recruiting, and leveraging external networks.

communicate with them should reinforce your culture, so you become a "magnet" for the right people, and can quickly assess and hire when the time is right.

We recently completed several years of research on talent acquisition and found that, from among 20 or more factors in recruitment, three of the most important today are as follows.

- **Building a Strong Relationship with Hiring Managers**—Teaching and helping them to assess and identify the right candidates. Ultimately, the process breaks down if managers are not assessing people well—and great managers know how to recruit and select great people. Many managers are not well-trained at recruiting (it is probably the hardest thing we have to do), so you must work closely with them to build capability and make sure that candidates are getting a great, efficient experience.
- **Developing a Strong Pool of Candidates through Relationship Management**—This means marketing the company well, attracting interested candidates well before a job is posted (often called "farming candidates"), developing strong university relations programs, tapping into professional groups, and continuously communicating well with candidates. The whole model of "network recruiting" means investing in the marketing and communications tools to continuously engage the right people around the world—before there may even be an opportunity at the organization. One of the fastest-growing new areas of candidate management is referral networking—tapping into the social and personal networks of your current employees. Many studies[55] show that candidates who come from internal referrals

55 Sources: (1) *Referral Madness: How Employee Referral Programs Turn Good Employees Into Great Recruiters and Grow Your Bottom Line*, Careerbuilder.com, 2010, http://www.careerbuildercommunications.com/pdf/referralbook.pdf; (2) "The Undervalued Resource Of Employee Referrals And How To Get More Of Them," Jobvite.com / Kimberley Kasper, April 7, 2014, http://www.jobvite.com/blog/the-undervalued-resource-of-employee-referrals-and-how-to-get-more-of-them/; (3) "When to Hire Internally or Externally," Findly.com, April 15, 2013, http://www.findly.com/when-to-hire-internally-or-externally/; (4) "Recruiting Through Referring: The Best Way to Hire!," GrownOut.com, May 6, 2014, http://www.grownout.com/Post/-grownout-recruiting-through-referring-the-best-way-to-hire; and, (5) "10 Compelling Numbers That Reveal the Power of Employee Referrals," ERE.net / Dr. John Sullivan, May 7, 2012, http://www.ere.net/2012/05/07/10-compelling-numbers-that-reveal-the-power-of-employee-referrals/.

are two to three times more likely to succeed; so this year, you should focus on powering up your referral program, and look at new tools like Careerify, Zao, and Jobvite.

- **Managing Your Employment Brand**—"Brand" used to refer to our website and marketing communications program. Today, your employment brand walks home every night, and talks with his / her friends, family, and neighbors. In fact, employment brand and employee engagement are almost synonymous—so, if you have an engagement or retention problem, then you also have an employment brand problem. A great employment brand also means you have a great candidate experience. Research[56] conducted among 46,000 job candidates found that:

  - o Forty-eight percent of all candidates try to figure out whether your company has the "values" they like
  - o Forty-seven percent want to understand your products
  - o Thirty-one percent are looking for information on "culture" and "diversity"

  So, when you consider how you are perceived by candidates, all of these factors add up.

  Glassdoor, which is a large aggregator of job candidate comments and feedback in North America, is a growing source of employment brand information (as is LinkedIn and other providers). In our analysis of the Glassdoor database, we found that the most highly correlated factor which directly relates to an individual's willingness to recommend your company as an employer is an employee's "confidence in management and leadership."[57] So, while you may be a recruiter, your success is directly tied to your own leadership's ability to communicate values and keep people aligned.

  In many ways, recruiters are the "canary in the coal mine"—when candidates ask certain questions or seem uncertain about the company, they are often picking up rumors or other external information that may reflect on your internal management practices. All of this comes together to comprise a powerful employment brand.

56 Source: http://nam.thecandidateexperienceawards.org/about-the-award/.
57 This information is based on current research by Bersin by Deloitte and Glassdoor, October 2014.

KEY POINT

We like to say that talent acquisition is building a "tunnel" of just the right candidates.

Remember also that careful sourcing is increasingly important. We like to say that talent acquisition is not a problem of building a "funnel" of candidates, but rather one of building a "tunnel" of just the right candidates. You build this tunnel by being authentic and clear about who you are—and searching for people who are most likely to fit. Today, more and more companies are leveraging talent analytics to find that profile, and are using Big Data-based sourcing tools to locate just the right people.

How can you improve sourcing in 2015? Several new approaches are now important.

- Companies should focus on culture, fit, and employee engagement as a way to magnetically attract the right people. Rather than just market "your company and the career opportunities you offer," you must also market your mission, purpose, leadership team, and work experience. Millennials and high performers look at all of these factors in an employer today.
- Prehire assessments play an increasingly large role. While many companies are not yet using prehire testing or assessment, our research shows that these tools are well demonstrated and quite powerful. Companies that use prehire assessments often see 30 percent to 40 percent improvements in quality of candidates and reduce their volume of candidates significantly.[58]
- Redefine your programs around "network recruiting." Rather than think about your sourcing program as "using LinkedIn" or another tool, it is time to broaden your aperture and think about your entire network of candidates—those who:
    - Learn about you on campus or through advertising
    - Come to you through referrals or alumni
    - Find you in local events or professional associations
    - You want to poach from competitors or other existing sources

  We want to build a relationship with all of them, and keep this relationship alive and well throughout their careers. People will often

58 For more information, *Prehire Assessments: A Four-Step Model*, Bersin by Deloitte/ Charles Handler, Ph.D. and Kim Lamoureux, April 2013. Available to research members at www.bersin.com/library.

decide to change jobs rapidly, and we want our "network" to always be alive, active, and searching for the right candidates.

- Monitor and care for your employment brand. By looking at websites like Glassdoor, LinkedIn, and others, you can now sense what people are saying about your company and feed this information back into the management process internally. If people are not happy at work, then you as a recruiter may hear about it from candidates. This information should be fed back to leadership, so that management can address the issues. The job candidate experience itself, something most companies do not test or evaluate enough, should be simplified and carefully reengineered, so that it is efficient, positive, and meaningful for candidates. Everyone who applies for a job at your company is a potential candidate, customer, or commentator about your brand—make sure it is positive, even if the person is not a good fit.

- Broaden and expand your job descriptions. More and more companies tell us that the traditional "job description" is both inaccurate and not always attractive to candidates. By working with line management directly, you can create more interesting and broad job descriptions—helping managers to expand their thinking, and also helping your company to find higher-level or more talented professionals. While many jobs are simple and routine, nobody wants a "robotic" job—so you can attract and engage people better by expanding the job definition itself. *(Zappos famously did away with their open job descriptions this year to attract better fit candidates; we expect more companies to do something similar in the future.)*

- Open your program to recruit and mobilize people internally. If you are not already aggressively recruiting internal candidates for your open positions, you may be missing a critical opportunity. Not only are internal candidates often a much safer bet, but the benefits of internal mobility to employee engagement are tremendous. If you cannot find the people you need in the outside market, do not be afraid to offer free training (to external or internal candidates). Companies tell us that this is less expensive than trying to relocate or find critical talent when the job market is tight. We recommend that the talent acquisition team should get to know the L&D team, with the goal of sharing information about skills and capability gaps you see in the incoming workforce.

- Stay current on talent acquisition technology. New tools that tap into social sourcing networks, mobile recruitment tools, referral networking tools, and analytics tools have flooded the recruitment marketplace. Virtually every company should either have someone evaluating and investigating new tools, or else hire a consultant who can bring this knowledge to your organization.

2015 is the year to take a broad, strategic look at your talent acquisition strategy.

- What parts of the ecosystem are you missing?
- Where are you wasting time and money on sourcing or recruiters you no longer need?
- Are you investing heavily enough in the new tools you need to reach candidates on the market?
- Have you built the most authentic, compelling, and meaningful brand and candidate experience you can?

Remember that possibly the most important thing we do in HR is "hire the right people." As the economy improves, we encourage you to assess your talent acquisition organization against our new maturity model[59] and invest in areas of need.

6. Talent Mobility, Career Management, and the Leadership Pipeline Become a Top Priority

As the workforce becomes younger around the world (particularly in fast-growing Asian and Eastern countries), more employees want "an experience," not just "a career" at work[60] (91 percent of Asian employees today expect an "accelerated career progression program"

59 For more information, *High-Impact Talent Acquisition: Key Findings and Maturity Model*, Bersin by Deloitte / Robin Erickson, Ph.D., Kim Lamoureux, and Denise Moulton, September 2014. Available to research members at www.bersin.com/library.

60 Seventy-three percent of high-performing companies in Asia now provide active developmental assignments and open access to new jobs to facilitate talent mobility. Source: *Fuelling the Asian growth engine: Talent challenges, strategies and trends*, Deloitte Human Capital Leadership Institute and Deloitte Southeast Asia, December 2012, http://www2.deloitte.com/global/en/pages/human-capital/articles/fuelling-asian-growth-engine.html.

PREDICTIONS

Facilitated talent mobility is one of the most important new disciplines in HR. Companies that embrace mobility, and all it entails, create strong leadership, capability, and employee engagement.

from their employers). Today, many organizations still struggle to facilitate internal talent mobility and fewer than one-third even have formal succession plans at all but the very top levels.[61]

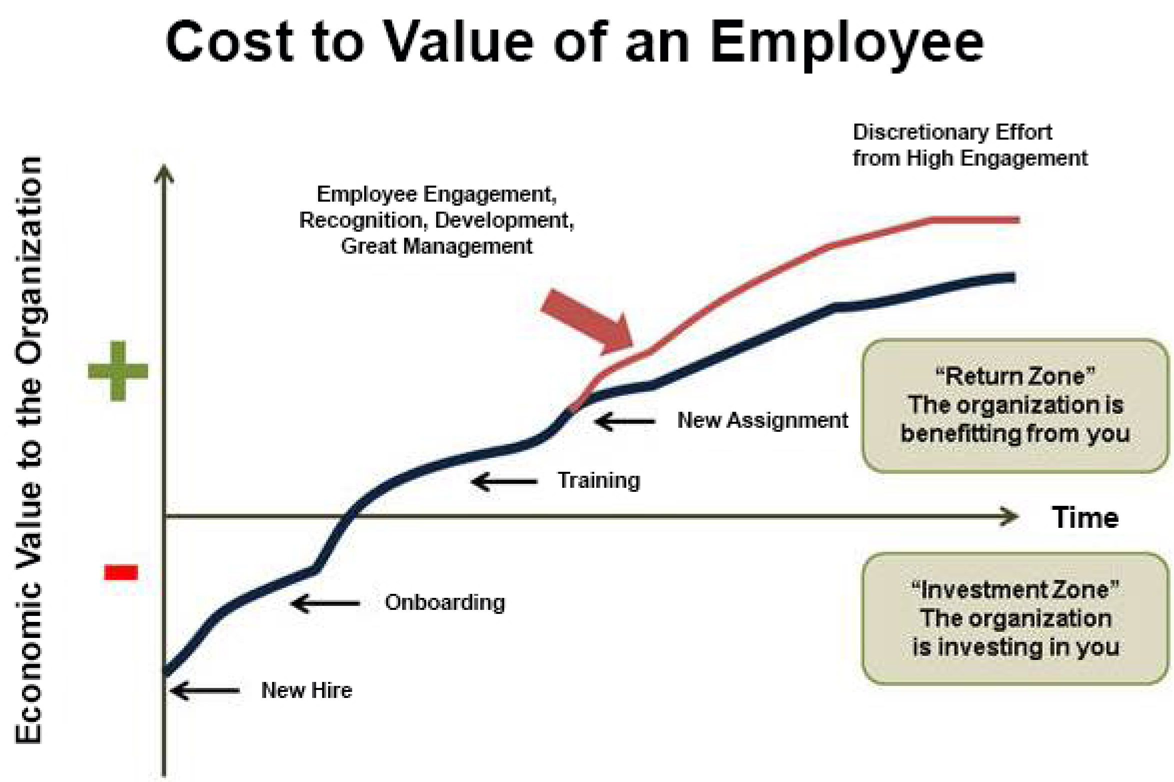
Why is talent mobility so important? Quite simply, it is good business. High-performing companies around the world have highly skilled and well-tenured people. Not only are tenured people more skilled—they understand how the company works, they can build on relationships to get things done, and they have the confidence to improve and suggest change.

Think about the economic curve of a new employee. As Figure 6 shows, during the first six to nine months, most employees cost the company money.[62]

61 For more information, *High-Impact Succession Management: Key Findings and Maturity Model*, Bersin by Deloitte / Kim Lamoureux, October 2014. Available to research members at www.bersin.com/library.

62 Sources: (1) "The Cost of Hiring a New Employee," Investopedia.com / Annie Mueller, July 25, 2011, http://www.investopedia.com/financial-edge/0711/the-cost-of-hiring-a-new-employee.aspx; and, (2) "Revolving Door Syndrome-Its Staggering Costs," Barrett Rose & Lee Inc. / Vicki Ali, 2009, http://www.barrettrose.com/revolving-door-syndrome-staggering-costs/.

Figure 6: Economic Value of an Employee to the Organization over Time



Source: *Bersin by Deloitte, 2014.*

As people stay longer at a company, they become more and more productive in their roles, and hopefully they obtain additional skills to accelerate their performance over time. If we have a highly engaged workforce, this curve tips up even higher—making people more productive as they like the company and their work even more.

When an employee leaves the company for a better position elsewhere, we are forced to bring someone else in who starts at the bottom of the curve. This means we incur the:

- Cost of hiring (often at the rate of one-half to one-third the salary of a senior person)
- Loss of productivity (the area under the curve)
- Diminished learning curve of the new employee

Yes, the new person may have excellent skills and perspective from the outside, but in many cases it will take one or more years to realize that benefit.

KEY POINT

If we offer people a process for "facilitated talent mobility," then we can keep high performers, people are constantly being developed and challenged, the company thrives on a strong internal culture, and overall engagement increases.

On the other hand, if we offer people a process for "facilitated talent mobility" (meaning that people move to new roles with some logic and process in place), then we can keep high performers, people are constantly being developed and challenged, the company thrives on a strong internal culture, and overall engagement increases. As people become more mobile in general, your organization has more infrastructure (e.g., career development, transition programs) to help in supporting individuals as they move from location to location, role to role, and into or out of the company.

Unfortunately, creating such a process of internal mobility is harder than it sounds. In 2015, companies should invest in this process and consider some of the following steps.

- Make sure all posted positions are actively marketed internally and that people are encouraged to apply for internal positions. Focus your talent acquisition team on "internal talent mobility," not just "external recruiting"—or set up another "talent mobility group" that looks at ways to improve internal hiring and internal access to talent.
- Create incentives and rules that force managers to let people shop for new jobs internally (one high-tech company lets employees move to another job every two years if they request), making it culturally "okay" to move from one position to another without a promotion. One company has a rule that any employee can shop for another job internally every two years. Other companies measure and reward leaders for helping their people to move out of their group and upward in their careers, essentially creating a reward system for "talent production."
- Invest in onboarding and new-hire orientation, including making it clear that this is part of a manager's job. As internal mobility increases, so do the number of people who are "new to their positions"—so we need to give people information, tools, and support to help them in adjusting to their new jobs. One of the biggest derailers of high-potential people is moving them to an exciting new position and not giving them the support to succeed. We suggest companies rename "onboarding" to "transition management," and ask all managers to build training and onboarding that matches an employee's typical job rotation. The following case in point illustrates this concept.

Case in Point: An Asian Telecommunications Company

A large, Asian telecommunications company was suffering from high turnover with its call center and sales teams. To improve retention and engagement, the company built an entire architecture for "career transition support"—helping employees to learn each job that they are likely to have during their first two years.

This focus on "the first two years" gives employees support and a sense of a longer-range career in these roles. The company believes this "career roadmap" program will dramatically increase retention and overall productivity.

- Monitor international assignments and cross-functional moves. High performers who make such moves often go through tremendous stress (personal, professional, and family), so you need to formally support them through the first year of such assignments.
- Create a formal career coaching program, and assign career coaches (who are not necessarily managers) whose full-time job is to map patterns of movement, help people to find the next logical job, and document career paths that the company wants people to take.
- Tell stories about the achievements of people who moved from role to role or function to function, highlighting successful or important moves.
- Promote people based on their breadth and experience, not just functional expertise, showing that changing jobs internally is good for their careers. We do not advocate random movement of people from place to place, but it is important to show the organization that changing career tracks or taking on a new position can result in a promotion or professional advancement over time, rewarding people for becoming "broad" as well as "deep."

Technology is starting to play a role in this process. Workday, for example, just released a new analytics application that analyzes career moves, and that helps companies to predict which moves are more likely to be successful and which are likely to be derailers.

Companies can take a lesson from the military, which actively moves all professionals and working staff throughout their careers. A new officer who may start in an internal assignment could easily be transferred across the world to a new developmental assignment, then come back to a new staff assignment at a higher level. This process of "tours of duty" is healthy for the company, healthy for the individual, and healthy for the organization.

7. Accelerate and Globalize the Leadership Pipeline

PREDICTIONS

Building a global leadership pipeline requires a continuous focus on leadership at all levels. The leadership gap is wider than ever. In 2015, we must reinvest in the assessment and development of leaders to drive engagement, retention, and performance.

Development of the global leadership pipeline remains one of the most important issues in business. Eighty-five percent of business and HR leaders rate this as an urgent or very important problem[63] (the number one rated challenge in Deloitte's 2014 Human Capital Trends research), and less than 15 percent of organizations believe that their leadership pipeline is "ready."[64]

While many large organizations have leadership programs, our research shows tremendous gaps. At the top of the corporate pyramid, fewer than 50 percent of all CXOs feel that they are receiving any development to help them to move into top executive positions[65] and, at the bottom of the pyramid, fewer than 10 percent of organizations have programs focused on developing Millennials to lead.[66]

63 Source: *Global Human Capital Trends 2014: Engaging the 21st-century workforce*, Deloitte Consulting LLP and Bersin By Deloitte, Deloitte University Press, April 2014, http://www2.deloitte.com/global/en/pages/human-capital/articles/human-capital-trends-2014.html.

64 Source: *How to Unleash the High Potential Talent in Your Organization*, Right Management-Manpower Group, 2014, http://www.manpowergroup.fi/Global/eBook percent20- percent20How percent20to percent20Unleash percent20the percent20High percent20Potential percent20Talent percent20in percent20Your percent20Organization.pdf.

65 Source: *Deloitte Business Confidence Report 2014: The Gap Between Confidence and Action*, Deloitte Development LLC, October 2014, http://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us_consulting_Deloitte_Business_Confidence_Report_2014_102814.pdf.

66 Source: *Global Human Capital Trends 2014: Engaging the 21st-century workforce*, Deloitte Consulting LLP and Bersin By Deloitte, Deloitte University Press, April 2014, http://www2.deloitte.com/global/en/pages/human-capital/articles/human-capital-trends-2014.html.

There are many issues to consider here.

- Despite the talk about leadership as a CEO-level strategy, many companies are not investing enough in this area. Companies at Level 4 Maturity in our model spend 50 percent to 75 percent more on leadership development than their peers, and they see three to four times higher levels of engagement and performance from such programs. Yet 50 percent of all organizations have little or no leadership development at all and 52 percent of those with programs rate them "weak."[67] The understanding and level of investment is inconsistent.

- Succession management as a discipline is weak. Our latest High-Impact Succession Management research shows that only 32 percent of organizations have a "steady supply" of leaders at the top levels, and only 18 percent hold their leaders accountable to identify and develop successors on a regular basis.[68] If companies want to build a leadership pipeline, executives should hold their teams accountable for regular and continuous focus on bringing new people along on the journey.

- Leadership solutions in the market remain fragmented, forcing companies to build their own custom solutions. We remain amazed at the large number of small leadership development boutiques, each of which has its own unique and special model for leadership. This fragmentation confuses buyers, making it harder for many companies to build the integrated solution they need.

- The emergence of online learning programs for leadership has not moved the market. Today, vendors like Harvard, Skillsoft, Wiley, MOOCs from universities, and dozens of others offer robust online support and development programs—yet the problem has not gone away. One of our larger clients put it this way—as hard as we focus on programs to develop top leaders, it is the first- and second-line managers who present the biggest challenge, and we need to invert our pyramid of investment to rebuild the "nobility of management" in our company. This means not just offering online learning to young managers, but taking the time to bring them to classroom programs, hire experts, and custom-build programs at all levels.

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67 For more information, *High-Impact Succession Management: Key Findings and Maturity Model*, Bersin by Deloitte / Kim Lamoureux, October 2014.

68 Ibid.

KEY POINT

HR leaders should reinvest in leadership and remind themselves that, without great leaders, possibly no company can succeed.

What can and should companies do about all of these challenges? Quite simply, the problem is simply one of focus. As the economy recovers around the world and we move out of the recession mindset, it is important for HR leaders to reinvest in leadership and remind themselves that, without great leaders, possibly no company can succeed.

In 2015, several imperatives are important.

1. Focus on developing a simple leadership framework and rigorously assess leaders at all levels. Without a clear and consistent "model" for leadership, people are often promoted based on their technical skills—and that does not create a sustainable leadership and management culture.

2. Hold leaders accountable for more than just performance—they are responsible for employee engagement, employee development, and developing their own successors. As we discuss throughout this report, in 2015, we will all operate in a highly competitive world for talent, so leaders must be incented to develop and retain their people. Otherwise, the organization as a whole will suffer.

3. Make sure that the leadership development team is well-funded, operates globally, and is led by a senior HR professional. The overall market grew by 14 percent last year[69] and our *Leadership Development Factbook* can help organizations to understand if you are underfunding the program. High-impact companies spend three to four times the amount on novices in this area. Development of a strategic program takes experience—these programs should include formal training, developmental assignments, special projects, assessments, and a never-ending investment by leaders themselves. Such programs demand senior-level support and senior leaders to administer.

4. Bring disparate leadership programs together. A CLO of a large global technology company told me that last year was spent finding all the renegade leadership development programs in the organization; they identified more than 60 different groups buying, delivering, and custom-building management and leadership programs. Through the CLO's leadership and board-level agreement, these groups are now being brought together into a common team—enabling the

69 For more information, *Leadership Development Factbook 2014: Benchmarks and Trends in U.S. Leadership Development*, Bersin by Deloitte / Karen O'Leonard and Jennifer Krider, May 2014.

CLO to standardize programs, leverage valuable content, and build a common leadership strategy around the world.

5. Look at new tools and programs for employee engagement, culture, and brand as part of the leadership program. Remember that the issues of employee performance, retention, and engagement are not HR problems—they are management problems. By bringing leaders into this process and helping them to understand their roles, you as an HR executive can take on the role of advisor, and help leaders at all levels to learn how to drive engagement and retention.

Our High-Impact HR[70] research shows that, when HR focuses on management and leadership, it drives almost five times the impact of a focus on HR operations and employee support alone. Remember that, every week, people are promoted from individual contributor to supervisor and leader, and then they are taking on an awesome and business-critical responsibility. Make management and leadership a core focus of your company's strategy; over time, it will become an institutionalized strategy and set of values for all levels.

8. Take the Plunge and Invest in Talent Analytics and Workforce Planning—This Area Is Now an Imperative for Competitive Advantage

PREDICTIONS

Now is the time for talent analytics. Off-the-shelf tools, a growing network of experts, and high-return case studies are making integrated talent analytics a "must do" for organizations in 2015.

The topics of Big Data, analytics, and data-driven HR have become hot over the last few years. Today, we read article after article about "people analytics" teams identifying the leading criteria for hiring, the factors that drive retention, and factors which lead to high-performance leadership candidates. One of our clients, for example, found that its entire process of sourcing sales and marketing candidates (i.e., going to the top-ranked schools, looking at grade-point averages, and assessing academic activities and work experience) had almost no relationship to success on the job. Only after looking

70 For more information, *High-Impact HR: Building Organizational Performance from the Ground Up*, Bersin by Deloitte / David Mallon, Karen Shellenback, Josh Bersin, and Brenda Kowske, Ph.D., July 2014.

at the data in an unbiased way could they find out that a whole different set of factors drove success. [71]

In 2015, it is becoming imperative for HR teams to invest in talent analytics. This does not only mean buying a new software package and building more reports; this means bringing together the reporting and analytics teams in recruiting, compensation, engagement, learning, and leadership, and putting together a plan to evaluate your workforce with a holistic data perspective. Most companies spend one-half to two-thirds of all of their expenses on people—yet they have not invested the money and time to clean up, rationalize, and combine data about people to help in making better decisions.[72]

Our research shows that it typically takes two to three years for a company to build a holistic talent analytics team[73]; but, if you do not start, then you will never get there. This level of investment initially feels like a big expense, but in a relatively short period of time the analytics team will pay for itself. Our Talent Analytics Maturity Model (see Figure 7) demonstrates how many companies are stuck with an HR reporting mess. When you put a program together to collect people data in one place, you can quickly focus on more urgent business issues (such as how do we get a higher quality of hire, how do we improve our batting average for high-performing salespeople, what are the characteristics of our best customer service representatives, which training program is delivering the highest ROI in leadership, and why are certain groups of employees leaving at an alarming rate). Answers to these questions can potentially be worth millions of dollars, easily justifying the cost of the analytics team.

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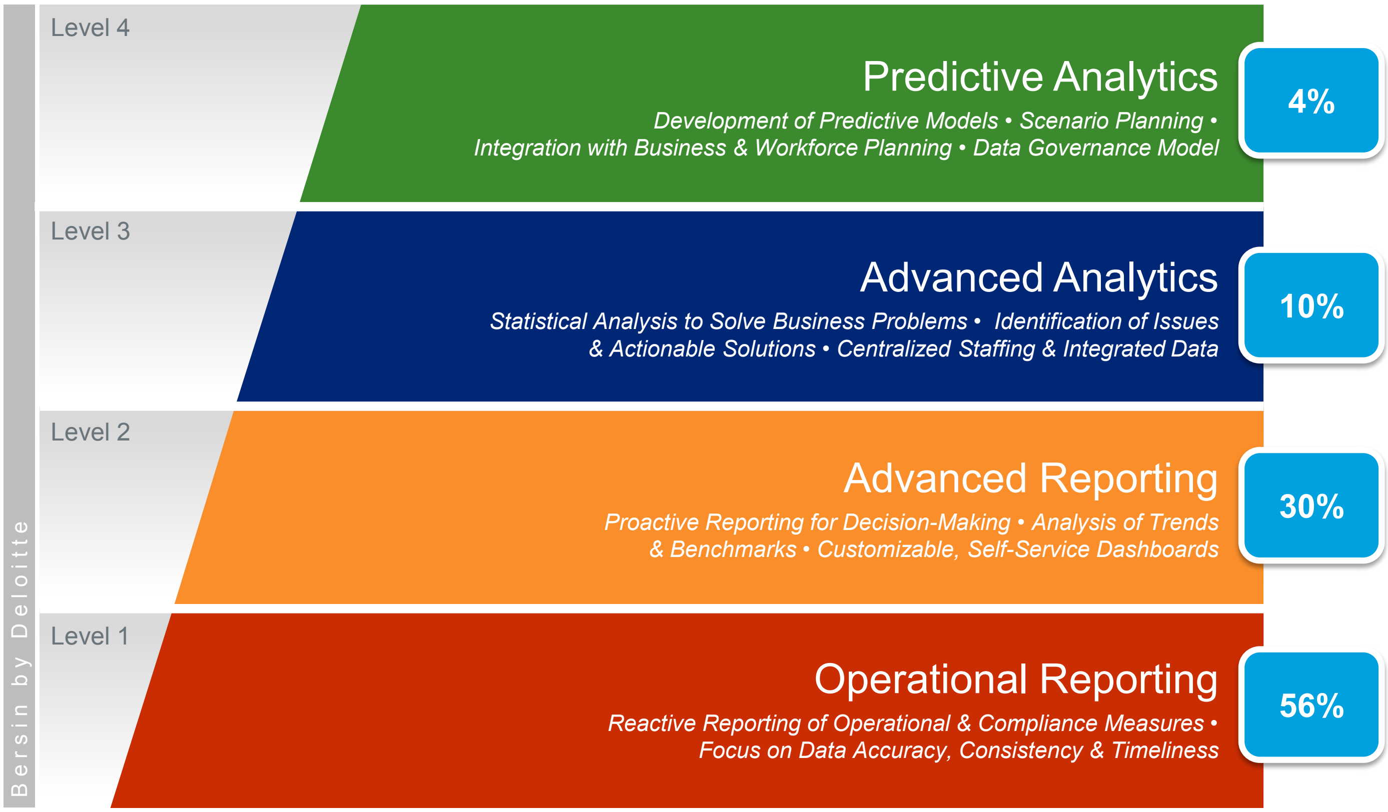
71 For more information, please see the following reports: (1) *Managing Talent through Technology: HCM Buying Trends in 2013*, Bersin by Deloitte / Katherine Jones, Ph.D., May 2013; (2) *High-Impact Talent Analytics: Building a World-Class HR Measurement and Analytics Function*, Bersin by Deloitte / Josh Bersin, Karen O'Leonard, and Wendy Wang-Audia, October 2013; and (3) *21st Century Talent Management: Thriving in the New Workforce and New Workplace*, Bersin by Deloitte / Josh Bersin, September 2013. All reports are available to research members at www.bersin.com/library.

72 Source: *ROEI®: Return On Employee Investment®: Increase Competitiveness Through Your Biggest Asset*, Sage, 2013, http://na.sage.com/us/sage-hrms/~/media/site/Sage percent20HRMS/pdf/SageHRMS_ROEI.

73 For more information, *High-Impact Talent Analytics: Building a World-Class HR Measurement and Analytics Function*, Bersin by Deloitte / Josh Bersin, Karen O'Leonard, and Wendy Wang-Audia, October 2013.

Figure 7: Bersin by Deloitte Talent Analytics Maturity Model



Source: *Bersin by Deloitte, 2014.*

In 2015, there will likely be a flood of new tools, consultants, and case studies on talent and HR analytics. Be careful not to jump at technology, but rather focus on building your team, bringing people together, and developing a multiyear plan to invest in this area. The payoff could be huge; if your competitors do it first, you will suddenly find yourself losing critical hires or losing great people, and not even know why.

9. Revisit Your HR Technology Plan, Reduce Core Vendors, and Look for Innovative New Solutions That Drive High Levels of Value

PREDICTIONS

Integrated talent and HR technology is now easier to find than ever. In 2015, organizations should budget and put in place a plan to replace and upgrade systems—to build an engaging "system of engagement" for managers and employees.

The talent management software market is now more than $5 billion in size[74] and the overall HR software market is close to $15 billion.[75] Most of the major software and ERP vendors (e.g., Oracle, SAP, ADP, IBM, Workday) and hundreds of smaller companies now offer integrated, end-to-end software suites that automate and help to manage many or most of the major HR programs we use. In 2015, companies should revisit their aging architectures (the average HRMS is more than years old), and look to modernize and replace these with highly flexible, cloud-based systems.

While these integrated systems seem to be alike, they actually differ widely. Many of the big vendors grew their businesses through many acquisitions, so their products have different histories and each is strong in different areas. Rather than simply look at the product with the most effective demo or most compelling sales presentation, in 2015 it is important to revisit the nine imperatives (see Figure 2) that we discussed earlier and look at products which focus in the most important areas you need. Each vendor has issues with scale, new product features, and immaturity in some of it product lines. Look at the legacy of the vendor and the history of its products to make sure that you are doing business with the company you think you are.

Core HRMS and talent management features (e.g., payroll, performance management, recruiting, learning management, succession management) are available from most major ERP providers. But the exciting new tools (e.g., social and informal learning, integrated network recruiting and candidate relationship management, social recognition, real-time employee feedback and engagement sensing, culture assessment and fit analysis, and many others) are usually only available from small, innovative vendors. So, as you firm up your core system of record into a single ERP suite, you may also find yourself wanting to buy innovative tools from smaller vendors as well. In 2015, this is likely a sound strategy—as long as you have a core vendor that provides most of the

74 For more information, *The Market for Talent Management Systems 2014: Talent Optimization for the Global Workforce*, Bersin by Deloitte / Katherine Jones, Ph.D., June 2014.

75 Source: http://www.bloomberg.com/news/2012-10-11/workday-raises-637-million-in-ipo-pricing-shares-above-range.html.

core products you need. Buying innovative, cloud-based products as add-ons is relatively easy, affordable, and something you should expect.

KEY POINT

Make sure the vendors you select are making a major investment in mobile apps and mobile HR applications.

In our 15 years as analysts, we have seen the HR software market mature considerably. Not only do the major ERP vendors all have end-to-end solutions, the quality of software, user experience, and support is increasingly high. Make sure the vendors you select are making a major investment in mobile apps and mobile HR applications. Our research shows that one-half or more of your employee transactions will take place on the road.[76] Also, make sure that your vendor has a plan and program to deliver embedded analytics. Today's HR software vendors are just as much "data providers" as they are "software providers," so you should make sure that your vendor has a deep investment in analytics and can help you to build a long-term analytics strategy.

There are a variety of disruptions taking place in the HR technology market, including the following.[77]

- Intense focus on user experience and user engagement instead of a proliferation of features and cascading menus. As one software executive put it, the value of a software company today is not its revenue, but rather the level of engagement its product gets from users. Consider the valuations of Snapchat and WhatsApp if you do not believe that user engagement really matters.
- A shift in HR software from "systems of record" that automate HR practices to "work management systems" which actually improve people's productivity, while also embedding HR practices (i.e., work-life balance applications, employee directories, health management applications, social recognition applications, embedded learning systems, goal management tools, integrated time and attendance and expense systems).
- Mobile apps which embed HR solutions instead of only mobile websites, making HR programs fully mobile-enabled (forcing a redesign of the app for mobile). Mobile is not just "a new way of

76 For more information, *The Definitive Buyer's Guide to the Global Market for HRIS Solutions 2013*, Bersin by Deloitte / Katherine Jones, Ph.D. and Wendy Wang-Audia, June 2013. Available to research members at www.bersin.com/library or for purchase at www.bersin.com/HRIS.

77 Source: http://www.forbes.com/sites/joshbersin/2014/10/15/the-top-ten-disruptions-in-hr-technology-ignore-them-at-your-peril/

computing," it is "computing." HR solutions that come to market as easy-to-use mobile apps will likely become more popular than web-based applications over the next year or two.

- Integration of real-time data, location data, and other sensor data into HR programs (like engagement, scheduling, company directory). Look at the success of wearables for exercise management already. This type of real-time data collection will likely come to HR in the form of engagement, mobility, employee directory, and learning. A variety of new employee feedback and sensing tools are now available to help in obtaining real-time feedback from people; some companies even monitor employee location to better understand what drives productivity.

- Data-driven recommendations for hiring, learning, retention prediction, and even leadership development, using Big Data techniques built into the software. Your HR software can now "recommend" people, experts, programs, and management changes, rather than just give you lots of reports to run.

- Tight integration with social networks, so that all HR practices can connect to each other, and leverage external learning content, external communications tools, and source candidates on external networks. Recruitment and learning systems, for example, should automatically connect to external networks and content through their cloud-based interfaces, independent of customer demand.

- Lower-cost, integrated HRMS systems that replace internal legacy applications, developed entirely on cloud technology. There are a variety of new, lower-cost HRMS platforms becoming available that make it easier than ever for midsize companies to select an end-to-end HR and financials system.

- New modules and systems to manage contract, contingent, and part-time workers as "talent," not just "expense"—so that we can onboard, develop, manage, and engage with the one-third to one-half of our workforce who are not full-time salaried employees. This includes software tools to help in optimizing hourly workers using analytics.

- Content and learning embedded into HR software, so that people do not have to "learn" the software, but rather just "use it" and learn as they go. The Skillsoft acquisition of SumTotal and the Wiley acquisition of CrossKnowledge are steps in this direction. MOOCs, online learning, and online videos should be as easy to find as recommended movies on Netflix or Amazon.com.

In 2015, the HR software market will likely continue its shift from a focus on “systems of record” to a focus on “systems of engagement.” HR tools are now workforce productivity systems—and, if people cannot easily learn to use them, then they will be underused and often unsuccessful. Make sure you test the products with users and ask your vendor to explain its design process to make sure it has a significant investment in the user experience of its products. While vendor support and service are still critical to success, ease of use and ease of adoption by employees—not just HR—are now keys to selecting the highest value HR technology platforms.

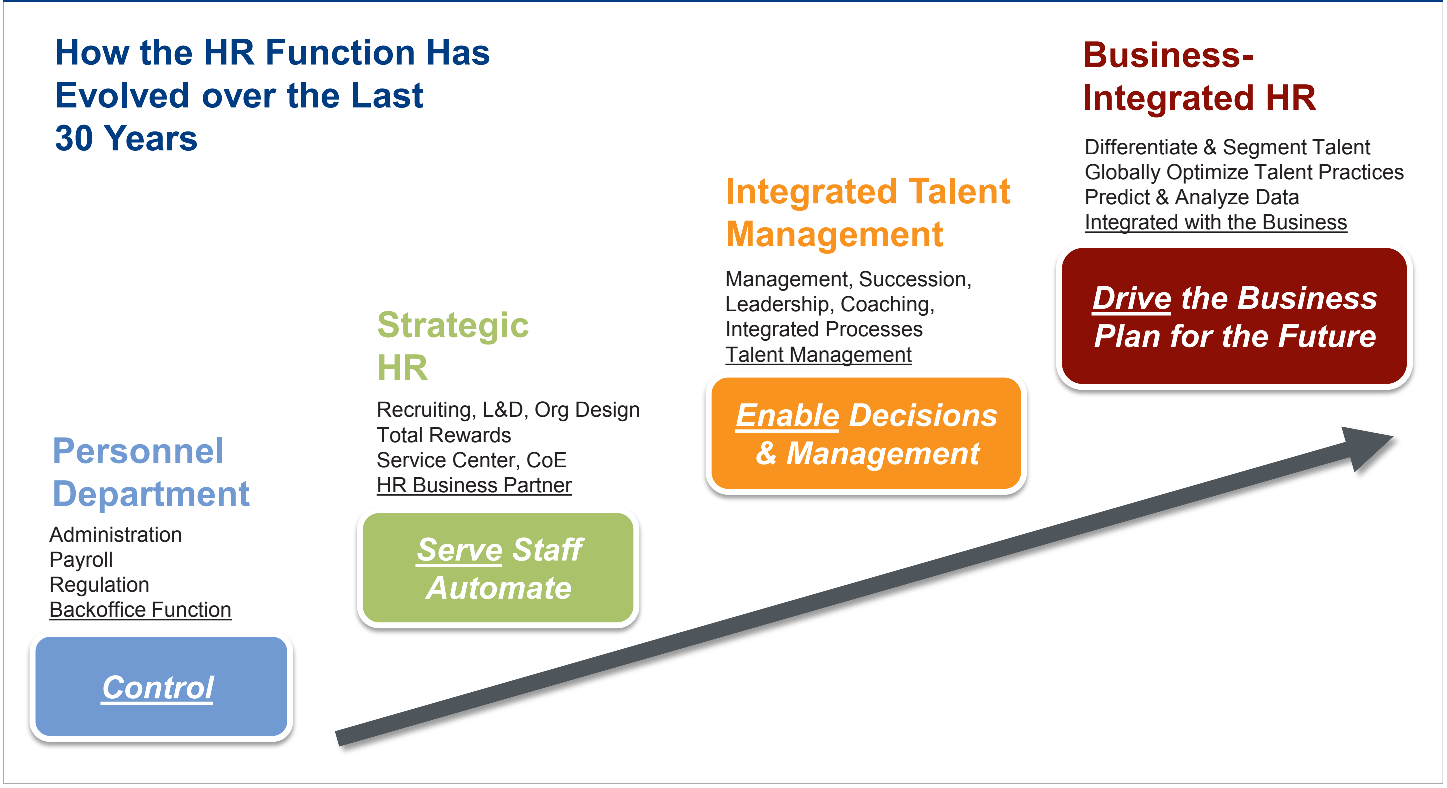
PREDICTIONS

With all of the changes taking place in business and technology, HR professionals should develop themselves, stay current on tools and our profession, and learn to become treasured consultants.

10. Review and Redesign the Roles and Structure of Your HR Team and Invest in HR Professional Development

All of our research over the last five years has pointed to an epochal transition of HR into a brand new realm. In the 1960s and 1970s, HR was viewed as a backoffice personnel function. In the 1980s and 1990s, it became a service organization, and focused on services to managers and employees. In the last 10 years, HR has turned into a function focused on optimizing all areas of talent and focused on integrated talent practices. Today, the function must operate as skilled consultants and embed itself back into the business.

Figure 8: The Evolving HR Organization



Source: *Bersin by Deloitte, 2014.*

Our High-Impact HR research[78] launched this year, after more than three years in development, shows that the highest-performing HR teams have a series of unique strategies that we encourage all organizations to consider in 2015.

- Reduce the number of HR generalists, and replace them with a fewer number of senior HR business partners or "copilots" as one of our clients calls them. These senior roles function as business-led consultants, working with line leaders to identify talent programs, design solutions, and direct the efforts of specialists in the centers of excellence to help with recruiting, leadership development, employee relations, coaching, training, planning, and all other workforce issues.
- Shift the focus of "centers of expertise" (CoEs) to "networks of expertise"—so that specialists in recruitment, training, employee

78 For more information, *High-Impact HR: Building Organizational Performance from the Ground Up*, Bersin by Deloitte / David Mallon, Karen Shellenback, Josh Bersin, and Brenda Kowske, Ph.D., July 2014.

relations, and other parts of HR are all connected to each other, and some are embedded in the business. Many functions should be centralized (such as technology, leadership development, vendor management, and tools and methods); but the entire specialist group should function as a "network," not as a corporate "center." Recruitment, training, coaching, and performance management are local to each business and functional area. Make sure that your "CoEs" are logically distributed (we call them "networks of expertise") with local specialists to work with the local business partner to drive results.

- Invest in research, benchmarking, and professional development. Our research shows that the highest-performing HR teams spend a significant amount of money in these areas, maintaining their edge and keeping their teams current on what is going on in the outside world. This small investment pays for itself many times over, enabling HR to stay modern and spend time on the most innovative new areas.

- Invest in technology and analytics as a platform, not as an end in itself. Too many HR organizations think that, by buying the latest cloud software, they will suddenly transform their HR function into a high-performing team. This is not true. HR software, while important, is a tool to facilitate change—not a solution in itself. Make sure that your HR philosophy, business alignment, and program strategies are clear and focused first—then use technology to achieve those goals. Software vendors may convince you that the next release of their software will instantly solve your problems—our research often shows this not to be true. Great software is important, but a great strategy and a well-aligned team is just as important.

- As you restructure roles to make HR more business-oriented, you should also refocus your hiring and training toward the new competencies of high-impact HR teams. Today's HR staff must understand technology, statistics, and business, as well as HR. More and more, HR executives tell me that they want MBAs and business leaders on the team. They also want to bring in people with consulting experience—modern HR professionals diagnose problems and push innovative solutions; they do not just "help people" and make everyone happy.

2015 will bring a growing economy—forcing HR teams to step up their game, and add even more value to CEO and top level business leaders. Take this time to refocus and reengineer HR itself, and you will be happy that you did.

Think Bold—As a CHRO, HR Leader, or HR Professional

KEY POINT

We urge HR teams in 2015 to be bold, invent something new, and benchmark your organization against others.

Finally, we think 2015 is the time to be bold, innovative, and forward-thinking. The technology and workplace changes around us are dramatic and rapidly occurring. Yesterday's approaches to recruiting, performance management, training, and even compensation do not necessarily make sense. We need to reengineer the workplace, rethink jobs, and rethink the way we attract, engage, and manage people. The disciplines of I/O psychology and assessment are being rapidly advanced by Big Data and real-world analytics solutions. Everywhere we look, something is changing—forcing HR to think differently.

We urge HR teams in 2015 to be bold, invent something new, and benchmark your organization against others. When you visit other companies, read research, and go to industry conferences at which you are often awakened to a brand new way of solving people-related problems. These insights, coupled with focus and expertise, give you the confidence to try new things and deliver bold solutions that drive your business forward.

Remember always that our role in HR is to be the "people stewards" of the organization—helping our business counterparts to hire, coach, train, and lead people in the most effective way possible. They are expecting us to be experts and always relevant to the world in which we live. In 2015, if we are bold, innovative, and keep our skills sharp, we can each reinvent ourselves, and make sure that our HR organizations are adding tremendous value and helping our companies to drive success around the world.

Appendix

Bersin by Deloitte.

Appendix I: Table of Figures

Bersin by Deloitte.

About Us

Bersin by Deloitte delivers research-based people strategies designed to help leaders and their organizations in their efforts to deliver exceptional business performance. Our WhatWorks® membership gives *FORTUNE* 1000 and Global 2000 HR professionals the information and tools they need to design and implement leading practice solutions, benchmark against others, develop their staff, and select and implement systems. A piece of Bersin by Deloitte research is downloaded on average approximately every minute during the business day. More than 5,000 organizations worldwide use our research and consulting to guide their HR, talent, and learning strategies.

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