The Changing Workplace, Talent Wars and the Millennial Perspective

A Roundtable Overview
Americas Chapter Discussion

Roundtable *on* Digital Strategies

The Changing Workplace, Talent Wars and the Millennial Perspective

Thought Leadership Roundtable on Digital Strategies
An executive roundtable series of the
Center for Digital Strategies at the Tuck School of Business

Pervasive information-sharing and connectivity are transforming the structure of business, society and work, and with it the nature of the employer-employee relationship. As the millennial generation enters the workforce, they bring their own view of the role of work and career in their lives, along with high expectations of technology and collaboration. The Americas Chapter of the Roundtable on Digital Strategies convened at the San Francisco headquarters of Levi Strauss & Co. to discuss these trends and their impact on winning the talent war. Participants in the session included CIOs and HR leaders from ARC, Chevron, Eastman Chemical, Eaton, Levi Strauss, Sysco, and Tenaris, along with Executive Fellows and the Directors of the Center for Digital Strategies of the Tuck School of Business at Dartmouth College. Many of the companies also invited millennial colleagues to gain the generational perspective on what it takes to be a successful attractor and retainer of talent in the face of enterprises' increasing need for speed, agility, and flexibility.

Key Insights Discussed in this Article:

Changes in the Landscape

Hans Brechbühl, Executive Director of the Center for Digital Strategies, kicked off the discussion by asking how the nature of work has changed over the last 20 years.

"The pace and speed and sheer number of technologies are truly disrupting to many of our organizations and to how we think," answered Bill Blausey, CIO of Eaton.

> It's not that we haven't come through technology changes before, but the opportunities they're creating and the disruption they're causing is at a pace and speed that we've never seen before. It's hard to keep up.
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> That has an impact on how we think about hiring, on the types of people we look for, on the roles we put people into. There's a broader expectation that people have a sense and understanding of the technologies, of how to use them, and of how to create advantage from them. It's much more complex than we've historically seen.

Luis German, Chief Process and Information Officer for Tenaris, illustrated Blausey's point:

> When we were hiring someone 20 years ago, it was more clear what we expected from that job. It was a steady-state, closed set-up from the very beginning for that person. Because things are changing so quickly, now we are looking for talent that can lead with innovation, for a more entrepreneurial attitude. It's now hard to set up a career path for someone from the very beginning. It's very dynamic.

"When I began my technology career 31 years ago," observed Keith Sturgill, CIO of Eastman Chemical,

> Eastman invested a lot in training me. I probably had 6 months to contribute and add value. Now that period is more like two weeks: When we bring in professional-level people, there's an expectation that they contribute almost immediately.
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> That can be positive, but it can also be negative, in that we hire folks with great technical skills, but sometimes we miss the skills on how to make an effective presentation, or lead an effective meeting.

"We're looking for a different type of talent now," agreed Dickie Oliver, CIO of ARC. "That well-rounded technologist who can sit in a room with the business and articulate the full value of technology. 30 years ago, IT was a back-office function. Today, nothing gets done in the business that's not highly coordinated or integrated with technology."

"Ditto on the HR side," said Michelle Green, VP of Downstream HR for Chevron. "We used to be called 'back-office personnel.' Now it's hard to live without talented HR professionals who are

really solutions providers instead of old-school policy police. There isn't anything that happens on a day-to-day basis where HR isn't truly part of the business, helping think into the future on how to sustain it and grow it."

"In IT specifically," stated Eric Barger, Chief Human Resource Officer at ARC, "The biggest gap is people who are charismatic, transformational leaders. They're in a big role, and they need to get out ahead of the curve, and bring HR to the table."

"And on the business side, leaders have always had to think and talk business," added Meha Fartyal, Head of HR for Finance and Technology at Levi's. "But now they have to have a good knowledge of technology too. People who can talk business and IT together are an asset to the organization, and they are where we start with grooming talent."

"Within our IT organization, we are going to need entrepreneurs who can actually get an idea, understand the business, put it into the software factory, and connect it for the benefit of the entire company," German said, completing the business case. "That type of person is hard to find for an IT group, but we're going to need a lot more of them."

The New Generation Gap

"One of the biggest issues in the talent conversation right now," interjected Adrian Holt, VP of HR for Eastman Chemical,

> Is the clash between the expectations of the group of high-performing employees coming into our organizations now versus the expectations of the people who joined 10 or 20 or 30 years ago. It's much bigger than anything I've seen before: Over the last few years we've been talking non-stop about how to attract, retain, and motivate millennials. It's a great conversation, but we've never had it with previous generations.

> There's a huge challenge in reconciling the differences in expectation and approach that we have to take with the group coming in versus the group that's established and balancing the needs of the two, whether it's about performance management, or rewards, or even something as simple as onboarding.

"We see differences in expectations around access to tools and information," added Nikki Deskovich, VP of Talent Management and Organization Effectiveness for Eaton.

> Around things as basic as flexibility of when I work, where I work, and how I work. And informality: We get lots of resistance from newer employees about "I don't want to go to another meeting with 20 Powerpoints. Let's get in a room and have a discussion." That's not how we've traditionally operated. So this is all helping us to think differently about our culture, but it's an interesting transition.

"It's because work is more integrated with our lives," suggested Jill Holloway, a cost engineering analyst with Chevron and verified millennial. "We don't just go to work and come home, and the two are totally separate: Your gym is at work. They feed you at work. Your co-workers are your friends, and you spend time with them outside of work."

"They're not separate lives," Holloway continued. "If your company doesn't fit in with your personal values and what you stand for as a person, you may not want to work for that company."

"Alignment on personal values carries a much bigger stick than it used to," agreed her Chevron colleague and fellow millennial Ashwin Batra, Regional Clean Products Optimizations Lead.

> People go to big tech companies, and the food's great, and it's interesting for 6 months. But then their questions become "Do I want to be here? Does this matter? Is this the match I'm looking for?"

> And part of why people move around is what was said in terms of technology change and disruption: The millennial perspective is that disruptions aren't negative, or even seen as challenges. They're what we're used to. Things have changed throughout our entire lives, and that's fine. We adapt, and we're looking for that next adaptation. It's not something that we are afraid of, and that resonates through not just the companies we go to, but also the types of work. We're okay moving across functions and areas, and in fact we are *looking* for those types of opportunities.

"We just bought a couple of start-ups, and the teams are predominantly millennials," started Sysco CTO Wayne Shurts, continuing on the theme of generational differences.

> They're used to working in an agile fashion, and culture clashes arise from how we talk to them about work. We're used to saying, "Here's the solution. Go do that for me." But these people don't want to work like that. They want to know, "What is the problem? Let me engage and help figure out the solution, and then I'll come back to you." They see the big difference between figuring out a solution versus just implementing one.

"It's a struggle of how to change, how to get people working together," Shurts finished, "But if we can get there, it will be a very good development in the way we work."

"Solving the problem is part of our motivation," explained millennial Varun Bhambri, Manager of IT Ecommerce for Levi Strauss.

> If you give me a solution, the first thing I'm going to ask you is, "What's the problem?" Because I may think a little differently from you, so I may have a better answer for you. It's engaging for us, and brings about more ideas than a group-think mentality, and we appreciate that.

Millennials ramp fast because we're not going to sit around for long, that's boring. Contributing fast is something that we need. Even if it's a tiny contribution, that's good: "I did something today."

"They want to see the end-to-end problem, and be part of the end-to-end solution," Shurts confirmed. "They don't want to be pigeon-holed into 'You're going to work in this silo.'"

"Another commonality is millennials' need for communication on a very real-time basis," observed Paul Moskowitz, Executive Vice President of HR at Sysco.

> They have critical expectations of transparency and honesty and real-time information from leaders in the company. This contributes to the learning agility that millennials have, but it puts tremendous demands on organizations that don't move at that pace yet, and haven't become comfortable with this notion of total transparency.
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> It's no wonder Baby Boomer managers feel stressed about what we are expecting of them. They didn't grow up this way, and yet the demands of this bifurcating workforce have become so complex.

Sturgill addressed the topic of millennials integrating with the existing employee base:

> One of the things that we've done both poorly and very well is to create the recipe for magic to happen in a multi-generational workforce. We're trying to learn from the magic side, and not to do so many of those things where people don't connect, or they don't work well together. Because when you take that bright young technology person and pair them with someone who's engrained in the business, and they mesh and work well together, really great things happen.

Promises, Promises

Eastman's Holt shifted to how companies can adapt to this new set of employee/employer relations:

> A question I've been asking is, "How can I get value from an employee who only stays one or two years, or do I look for way to retain those employees longer?" There's little value if someone stays that short a time, because they're not learning the products, the customers, the markets.
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> So I have to find a way to retain these employees, to move them around, to do whatever it takes to keep them interested and with the company and adding value. But at the same time, I can't move them too much even within the company, because then I lose the value of continuation of learning anyway. It's a constant challenge, and it's only going to become

more intense.

"Part of the reason the millennial generation feels the way it does," Moskowitz suggested,

> Is because they've watched their parents' generation have promises of loyalty and dedication be violated by companies. No wonder this generation has said, "Mmm, no, I'm not going to depend on that. I'm going to depend on me, to take care of myself."

> And I can't make that kind of promise to them anymore because we drive productivity every day in our operations, and whether it's technology-driven or process-driven, we're constantly trying to take cost out of our system. And yet they are reliant on us to create stability for them. Managing these needs and aspirations is very, very challenging.

> So if I readjust *my* mindset to "every day is precious," then can I get you to show up one more day to work? Let's make that day as productive as possible, and that's a win. Then tomorrow let's do the same thing over again, and let's train our leaders to figure out how to make that happen.

"It's frustrating," Moskowitz finished. "We've got a generation for whom I may do everything right in creating experiences and I still may lose those folks for any number of reasons."

"Modern employment is too often based on mutual dishonesty," Steve Plume, Executive Fellow of the Center for Digital Strategies, opined. "Companies welcome you to 'the family,' but then fire you, or lay you off, at will. So in self-defense employees say they'll be there forever, until they don't get what they want, and leave after this 1.1 year average tenure that we've been talking about."

"Just wait till you see the next generation, Gen Z," warned Barger. "They have two markers: How social-networked they are, and the mindset they bring to the workforce. They lived through and watched the recession period, and they are on the hard edge in terms of how they look at organizations. It's not cautious optimism, it's open skepticism. We're still trying to figure out the millennial mindset – buckle up for what's coming next!"

"How many of the changes result from the shift from an industrial to a digital economy?" asked Patrick Wheeler, Assistant Director of the Center for Digital Strategies. "An industrial economy is process-oriented and hierarchical, while a digital economy is very, very flat."

"There's been a change in what's happening in IT in the workforce," Shurts acknowledged. "In years past it was all about outsourcing and offshoring, and that will continue, especially for standard back-office stuff. But we're pulling a lot of things back from outsource and offshore, to teams and communities that work together in an agile fashion, and so they need to be together."

To Gig or Not to Gig

"There are a lot of factors changing the formula," Brechbühl commented. "The balance between hiring employees versus engaging consultants; partnering for specific capabilities; outsourcing. How do you match all these things with people's expectations and create some level of stability?" he asked.

"We start with speed, agility, and quality," answered Chris Clark, CIO of Levi Strauss.

> We're a consumer-facing company, so we have to run our lives in this mode. We need the agility to change, but change that's good for India is not good for China is not good for Russia or Germany. The mix differs globally, and we still need rigor and discipline around quality. So we have boutique partners, but we also need a depth of experience when it comes to legacy platforms.
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> There are tremendous opportunities to contribute in many ways. We need experience, and we need flexibility, so I have folks in my organization with experience from 40 years down to two weeks.

"Is the gig economy changing the picture?" Brechbühl followed up.

"The gig economy may be reverse causation," cautioned millennial Marshall Couch, Advanced Data Consultant with Eastman Chemical.

> People aren't going to different jobs because they want to: They go to glamorized jobs and then realize that it wasn't for them, it was just the glamor. When they realize they're not happy, they look for another company that does make them happy. They're looking for that place that they *want* to stay for a long time. Sometimes they just look in the wrong place.

"Millennials aren't necessarily loyal to the company," countered Shital Sabne, BI – Product Design Lead at ARC and fellow millennial.

> They're loyal to the job. They're looking for meaningful jobs, and that's what retains them. If they don't find meaning and connect to their job, then they are no longer connected to the employer. And if they don't connect, then no matter what brand they work for, they start to look for another opportunity — and that's when you get the one- and two-year tenures.

"The gig economy is appealing to millennials," Batra added, "In terms of the flexibility and remote access. But the overarching thing is that people want to be part of a community. A gig is generally a stopgap: People are tired of a particular position, and they can travel for a couple of years. But then they want to be part of a community again, and start looking for the right community: Something that's larger than themselves. How do they get to be part of that mission and those values?"

"There's also a way to apply the gig economy to a traditional company," Holloway pointed out. "Instead of being in one role for three years, maybe it's more task-oriented: This project for a year, then that project. You get different roles, different functions, different backgrounds, different exposure. So there's flexibility in where you work, and also in what you're working on, and for how long."

"What we are trying to do on any given day is bigger than what we can do internally as an organization," agreed Jim Green, Chevron's CIO of Upstream IT.

> The broader ecosystem is a fact of life, and what we need are people who can navigate that with an understanding of the best interests of the company at heart. So we are growing people who can work with passion and critical thinking to help us partner with that broader ecosystem, who can move across that boundary and become trusted advisors in the decisions we are trying to make.

"This is where the onslaught of technologies and the pace of change frankly helps us in IT," said Blausey, returning to his opening theme. "The number of different opportunities we can give people is frankly endless. This is one of the selling points for our company: The velocity of how quickly people move around into different roles and projects."

The Game *Is* Worth the Candle

"We are going to find that the long-term career employment model is still relevant," predicted Chevron's Michelle Green.

> For 20 years I managed my career under the umbrella of doing gigs for the same company. Sometimes it was an 18-month assignment, sometimes it was three years; I just always wanted to make sure I was doing something marketable. Moving across the world, having different things to do: We can provide that to people. They're still within the construct of the same values, the same infrastructure. There's commonality, there's community across the world. That's still a relevant model.

"Stretch assignments have worked well at Levi Strauss," contributed Fartyal. "More so than rotational programs. It started small, and it's been received well. The key is matching the aspirations of the employee."

"We've created a new practice called a 'stretch assignment marketplace,'" Deskovich added.

> It's a virtual project hopper where any person can log in and say, "Here's a problem that I could use some fresh eyes on." And then any employee can apply to be on that project. It's been eye-opening how willing people are to volunteer on these projects, because it's all additional work. But it's work they're choosing, and it's driving engagement and community

and connections with other employees.

"You're all talking about talent development," observed Paula Pedowitz, recent Tuck MBA graduate and Senior Consultant at Deloitte.

> I chose to go to Deloitte *because* they develop talent — *that is* their value proposition to us. To the question of fixed versus fluid rotation, there is caché in both. With Deloitte, it's almost inherently fluid, but then it's up to me to carve out my own niche. That's what millennials want: Exposure to a tremendous amount, and the ability to choose where we want to go for our own career.

"Is it hard to offer this much of a menu?" Brechbühl asked the senior generation. "It seems almost essential in some ways. Is that true?"

"Incredibly hard," Sturgill answered. "When we first started rotations, we thought in terms of two- or three-year assignments, the logic being that it takes a year to learn the job and a year to add value. It's hard to think about a 6-month rotation."

"Anything under 18 months is fast," Barger affirmed. "That might not sound awesome to millennials, but that kind of talent velocity is really fast."

"Time is relative," pointed out Alva Taylor, Faculty Director of the Center for Digital Strategies. "For millennials, two years is nearly 10 percent of their lives. So, when you start to manage their assignments, it can't be just about immediate productivity. It's more about keeping them engaged and keeping them motivated, so that the long-term payoff is much greater."

"It's a massive undertaking and investment," Michelle Green confirmed.

> We do it because we believe in investing in people for 30 to 40 years. It takes someone 3 to 5 years before we start seeing ROI in our petro-tech core. So we've had to shift our mindset and say, "Everyone can contribute and add value, but we're not going to see an immediate return." We don't expect you to be 100 percent contributing when you hit the ground: It's a long-term value proposition.

"And we have the structure that enables the gig economy within the walls of the corporation," continued Chevron's Jim Green. "It's the best of both worlds: You're building relationships and establishing yourself in this system that's going to work to move you, *if* you want that. Not everybody is into it, and you have to work that part of the population differently. But it's a pretty good proposition."

The Time Is Now

ARC's Oliver addressed the other part of the employee population:

> The hardest change for a CIO is when you have a legacy system, and it works, but it's on 30 year-old technology. There is no ROI, there is no business case. And you're asked every year for "just one more year." And then finally it's so old that the business is at risk, and you have to make a quantum leap from a 30-year-old platform with 30-year-experience workers with the skillset for that platform to a technology that they have no concept of.

> How do you tell these people, "You've given me 20 or 30 years, and now I'm going to jump to this new technology, and you don't have the capabilities to come along?" How do you create a path to give these people the opportunity to re-train, while you're keeping the legacy environment going and standing up the new environment? This is where I struggle.

"How you leverage them is different," Clark suggested. "They have a depth of experience across many domains: They can be solution architects, and help to understand where there is flexibility and where there isn't."

Jim Green drilled further into the different types of projects and people:

> In the context of agile development, there are iterations, and you're going to take some risk, because you won't get the full feature set in the first outcome. Then there are these big, bulky projects that have gone on for years and years, and there are folks who still think that way. They kind of want it both ways: They don't want to take the big risk, but they also don't want to get in the game at the level that's required. We need them to roll with us.

"You didn't use the term 'two-speed IT,' but that's the idea that there is transformation work, and then there's the rest," Brechbuhl observed. "The one is sexier and app-based and mobile, and the other is keeping the ERP humming in the background. It feels like haves and have-nots in that description. How are people dealing with this in your organizations?"

"We've always had a forward organization, and we've always had a project delivery organization," Blausey answered.

> There's always been a difference in roles and teams. We do two things: First, it's our goal to run effectively, efficiently, reliably, and securely, and that's recognized as being as important as the next N transformational programs.

> Second, the delivery team is the pipeline to the rest of the organization. It's a way forward if you want a way forward: People hop to development, to subject-matter experts, to business analysts, to product managers. It's a learning ground, not somewhere you're stuck for the rest of your life, *unless* you want to be. But there's growth associated with those roles as well.

"And you can make a lot of things sexy if you have the right people talking about it," Couch added. "If you put the right people in those positions, they energize other people around them."

Sturgill presented Eastman's approach:

> The model you've described is exactly the way we've always had it, but we're changing the model. We're going all-in on agile DevOps product teams, which get you away from the differences between the people who run things, the people who support things, and the people who develop things. The people who write the code are the people who get the call at 2:00 AM when the code breaks, and that's pretty good motivation right there.
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> And we are moving from a project-centric organization to a product-centric organization. So when the big project comes around, there's fewer of the have-nots: Everybody is a have. It's not a bimodal tack at all — bimodal is only what we'll have until we transition everybody. At the end of the day, we will learn if a 100 percent agile model is a good bet or not.

"With the pace of digital today, and its shift from a key enabler of every business to a key differentiator of every business, the days of the 30-year platform are gone," Sturgill continued.

> We used to run a fast-follower strategy from a technology perspective. Unless there was an overwhelming case for us to be leading edge, we would let someone else figure it out, and then we would move pretty quickly. As long as it worked, OK.
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> Today, "working" isn't good enough anymore. Anyone who continues the fast-follower strategy today is going to be fundamentally disadvantaged, because you won't be differentiating your business and the competitors will be. If you ignore technology, you will be uncompetitive.
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> The principle we try to operate with is to give everyone the opportunity to move forward. So give them the training. Give them the opportunity. But in the end, it's up to the individual to make the choice. And if they don't, we can't ignore the technology.

"Our role as CIOs has to include becoming change advocates for digital technology," Sturgill finished, summarizing many of the conversations of the day. "We need to be the thought leaders, more so than delivering the infrastructure. If it's not our time now, I don't know when it ever will be."

Participant List
The Changing Workplace, Talent Wars and the Millennial Perspective

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