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Overcoming Today's Workforce Challenges

Erica Volini

Human Capital Leader, Deloitte Consulting



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Erica Volini joins Dr. Jack Zenger and Dr. Joe Folkman in this edition of the Zenger Folkman podcast series to discuss the challenges she has observed in today's workforce and some concrete ideas for overcoming them.

Erica is the US Human Capital Leader for Deloitte Consulting. She is responsible for the 4,000+ practitioners focused on helping organizations solve their most complex and pressing human capital issues. Throughout her 20-year career, Erica has worked with some of the world's leading organizations across multiple sectors and geographies, and is a frequent speaker on how market trends are impacting the HR organization and profession as a whole.

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You've worked with many organizations in many industries. What do you see organizations doing today in the human resources arena that have high payoffs for them?

The biggest thing is elevating what has traditionally been viewed as human capital—going from HR as a back-office function and bringing it more into the front office, and engaging the entire C-suite around the human capital issues. For example, the future of work, probably the most significant human capital challenge that organizations are facing today, what we see paying off are those organizations that are looking at the future of work and not assuming it means taking robots and replacing humans and their jobs. Instead, you think of it as an opportunity to take a full step back, reevaluate how the work is done today, how it's going to be done in the future, what it should look like; what that means for the workforce as a whole, where should they be located, how to motivate them, how to retain them, how to reward them, and everything else that goes along with it. I think that's going to have the highest payoff because those organizations are not just creating efficiency, they're really increasing their organizational effectiveness in the long run.



You work with a lot of young employees. Much has been written about millennials. I disagree with a lot of what I've read. I find millennial employees to be very motivated and terrific and they're doing a great job. Where do you come in on that based off your work experience?

I think it's a bit of a red herring. Millennials have been used as both an excuse and a catalyst for change, and I'm not sure that's fair. As we look at millennials, there are some generational differences, but we see a lot of similarities: a focus on career advancement, a focus on their own personal development. The biggest difference now is that this generation coming up is looking at a very different career trajectory and lifespan than we have had historically. If you think, on average, their career life could be 60 or 70 years, whereas my generation, maybe your generation, we were thinking 40 years. That's a big difference. What we're seeing with this generation is that they still have a lot of the same values but they recognize that they're going to need a lot more career mobility simply because the average life span of a company is 15 years. They have to be focused on picking up those core skills, getting the development to allow them to move from one job to the next, and to allow them to stay relevant in the career marketplace.

I think the best way to get the most productivity out of this generation is to invest in their continuous development and to show them that you're helping them with their career, regardless of whether they're going to stay in your company or not, because chances are a lot of them won't.

I'm glad to hear you say that.

It's interesting because we talk about the millennials as the younger generation but they're not—millennials are now the managers. Their parents were the ones who followed the dotcoms. What we're seeing more of is these folks valuing being able to stay in a company and have that career with the company and not job-hopping as much. I think a lot of what we experience in the human capital world is cyclical. I think we're going to start to see this generation saying, "I like my company as long



as they're treating me well, they're giving me the development I need, and they're doing what they can for society because that societal impact is so important." I'm willing to say I don't think we're going to see as much job-hopping as we have historically.

You mentioned that the big issue is the future of work. As we look at this movement toward network organizations and team or team activities, do we see the traditional ideas of hierarchy being radically changed?

I think they're being supplemented. The hierarchy in some way, shape, or form will exist, but I think what we're seeing is the overlay of these networks of teams coming in and supplementing the hierarchy to enable that agile, collaborative, flexible work environment to exist. That's the biggest change we're seeing right now is that as companies work to get products out the door faster and drive more innovation, they're using networks of teams to enable that cultural shift, which is important in the digital era. There are not many, if any, organizations I can think of that have eliminated the hierarchy. I view it more as supplemental and a way in which the culture itself can change. The hierarchy in a lot of ways create silos, it creates boundaries, it makes things sometimes harder to get done, longer to get done, and in today's digital world, those cultural attributes really don't relate to success. You need to be more agile, more nimble, you need to be able to think fast, innovate even quicker, and I think the network of teams enable organizations to do that.

Last year I was visiting with one of our clients, a technology company—one of those places that everybody wants to be part of—and I was talking to them about



spending the day doing some personal development with their employees. The person I was talking to believed in personal development but the reply was, “How am I supposed to get people to go to a one-day training program when I can’t get 20 minutes with my VP?” Some companies aren’t investing in development—they’re making it optional. Some development programs put 15 people through, so it really isn’t development for all. Have you seen that?

I haven’t seen companies shy away from development. I think we’re seeing a lot of organizations double-down on development. What they’re doing though is not just making it about formal training programs. They’re saying, “How do I combine formal training programs with differentiated experiences for that employee, or different types of exposure than they may not have otherwise? How do I look at development more holistically instead of a person who has to go to a training program?” That does take a lot of time, and in today’s world that’s difficult. In fact, I think a lot of organizations are realizing that with the right combination of experience, exposure, and a formal education, they’re able to get that development for their employees. Employees like it better because they’re applying their learning in real time. The things that have been most impactful for me are when I have exposure to a different type of meeting or a different type of environment. It started with online learning, but online learning was the tip of the spear. I think there’s a recognition that leadership development can’t be done through programs alone.

Let’s talk for a moment about performance management. Tell us what you see happening, what’s succeeded,



what challenges are organization facing when they try to make changes in their performance management systems, and what advice would you give to the listeners on our podcast today who may be contemplating making changes in their performance management systems?

Performance management was the first process that really challenged the HR organization to say, “Are we doing this right, is there a better way?” It’s been incredibly powerful. I think many people will see performance management as a start to the transformation of HR. In terms of performance management itself, I think some great things have come from it. Most organizations have moved from a traditional mid-year and year-end to what they might call pulse checks, or frequent check-ins. That’s a trend we’ve seen most organizations adapt to, with a shift to development focus, more frequent check-ins, and eliminating some of the formality. Putting performance management front and center has made it more of a managerial activity versus an HR administrative activity that was placed on the manager.

We’ve seen a lot around ratings, which is interesting because when performance management first came out and companies started to talk about it, it was all about eliminating ratings. The question still remains on how do you do compensation without ratings and the value you’re trying to create by eliminating ratings. Ratings are very personal for employees. I think it’s important to take a step back and ask yourself what you’re trying to do—what are you trying to reinforce, what are you trying to accomplish. Work with your managers to make sure they’re going to be effective at giving development feedback. In the absence of spending time on performance evaluations you want to spend more time on development. What’s needed is to invest in those managers to help them be really good leaders, to help make the journey on performance management work.



The pressure for ratings was around trying to be precise with compensation. Is there a trend to focus on those who are not doing well at all versus those who are spectacular performers and clearly need to be rewarded well?

I haven't noticed that trend, but I would be scared about that trend because the majority sit in the middle. I think those individuals are the ones who need a lot of the development and need to start differentiating, otherwise they're not going to be as productive as everyone else. It's easy to focus on the extremes. In our organization, that middle group drives a lot of the productivity within the organization. They need to be motivated. I think the question is, how do you start to differentiate through rewards and help those folks feel motivated to move up to being a top performer. Rewards are going to be a huge focus over the next few years because if performance management doesn't allow you to differentiate, there needs to be something that does. I think we're going to start to see that personalization come from rewards way more than it has been.

When you say rewards, you're talking about far more than money.

Absolutely. It's everything. It's more than money, it's about the well-being of the employee. Their financial health, their mental health, their physical health—all of that goes into their motivation, their focus on their development, everything associated with the experience you are creating for them. The whole idea is that it's more holistic, you have to look at everything from the individual's trust in leadership, how the employees feel the organization is impacting society as a whole, how they feel about their managers, how they feel about their rewards. It's broader than a rating and a compensation increase. That presents a huge amount of opportunities for HR to really be creative, to help think about how to take the different aspects of human capital and bring them into that experience.



You mentioned in other articles and interviews, the importance of a digital mindset. If you are going to give us your definition of a digital mindset, how does that play into the overall HR sustainability issue, and where have you seen success in helping leaders and leadership teams acquire a different mindset.

My biggest pet peeve around digital—and I’m glad you used the word “mindset”—is when organizations define digital as the implementation of technology. I think that is what’s going on in a lot of organizations. When they think about going on a digital journey, they are thinking about implementation, whether it’s social, mobile, robotics, cognitive, name your flavor of digital technology. We believe that it’s part implementing that technology, but a larger part is shifting the mindset of the organization.

One of the things that we’ve done is to define what we call the “Digital DNA.” 23 characteristics we believe organizations need to adopt in order to have that digital mindset. It’s everything from agility to the ability to sail fast. The ability to be collaborative. Even the ability to be geographically agnostic. One of the traits we found that’s important for a digital mindset is that you need to be able to replicate the feeling of digital in all your locations, regardless of where they’re geographically located. If you think about a lot of tech companies that are headquartered in the Bay Area, they have phenomenal campuses in the Bay Area. If they’re trying to be digital on a global basis, how do they ensure that same campus feel?

We take organizations through a process of figuring out which characteristics they have, which ones they don’t, and which ones they need to work on in order to get that digital mindset in place. It’s different for every organization, but it really helps organizations pinpoint the characteristics they need to work on in order to truly have that digital mindset. The organizations that are doing well in the digital mindset are the ones that are taking a step back and asking, “Are we truly digital?” It requires a different way of working, a different way of thinking, a different way of motivating other individuals. It’s a big shift



for organizations to take. At Deloitte we have an initiative we're calling "Digital Deloitte," which is all about helping to ensure we're taking that digital mindset in everything we're doing.

What would you say, when you take this internally, is your biggest challenge?

To me, the cultural shift is the biggest challenge. It starts with having digital leaders and demonstrating those types of behavior. I'll give you a relevant example. Like most companies, we have a fiscal year, and our performance system is based on that fiscal year. We're rewarded and incentivized to get things done in a 12-month cycle. How does that work in this digital age? Things don't work in 12 months. To innovate, you might need many years to see that investment come through. Getting us to change that mindset and the culture that has been in place forever, establishing that type of behavior and getting people to think differently around what successful looks like and how to measure success, that is a tremendously difficult journey. It needs to be looked at as the cultural transformation it truly is. You're literally changing. That's why we called it DNA.

Can you give an example of an organization in a cultural norm that needed to change?

I'll use ourselves as a great example of a cultural norm—and we're a highly matrixed organization, which has a lot of benefits. But in today's digital world, we need to be more nimble to respond to the way the market is changing, and to stay in front of the market. It's incredibly important for us. One of the things that we have to constantly look at is how our organization is structured, in order to enable us to quickly respond to those market changes. You need to be more fluid in how you're sharing resources because you need to have that level of agility to be able to respond to market dynamics. To recognize that you need help across the organization in order to be successful. That's another norm that could be changed.



You've been quoted as saying that the more things that change, the more they stay the same. Can you elaborate a little bit on that idea?

Take the world of HR for a minute. If I think about when I started in HR 20 years ago, that was the start of the ERP [Enterprise Resource Planning]. The idea was that we can have one system that houses everything for HR—the HR ERP. It didn't matter what system it was, but that was what it was all about. We're going to put everything into one system. Then we started to see the emergence, five to seven years later, of recruiting technologies, panel technologies. Everything came into play and the idea was one system can't do everything. We have all these systems all over the place and we don't have one way of tracking all our data. Then Cloud came in and said we can house it all in one system. What we're seeing now is everyone migrating to the Cloud: a single system to pull everything together. Everything is cyclical and, like I said, the more things that change, the more things stay the same. Things continue to evolve, but the reality is in HR we always needed one system and we always needed the ability to have that one system linked with other solutions so that we can get the best possible technology for each process.

We're seeing all this iteration around the performance management system, but what really stayed the same is that employees want development, they want development from managers they trust. They want to know the company has invested in developing their future skills so they could be relevant and successful in the job market. That's never changed. There's a lot of opportunity out there [for change] but at its core, our world of human capital is still about driving organizational performance through people and thinking about how you organize those people, motivate those people, reward those people. That core is not going to go away as it will remain the biggest differentiator. No matter how many robots come into play, no matter how the world shifts, that core is going to remain.



Thank you very much. From someone who has been in the HR world for slightly longer than you have—maybe 50 or 60 years—I am struck by how you see it circling back and remaining very much the same. You’ve mentioned qualities like listening, good communication, and focusing on customers. Maybe people think those are new, but they’re not. I was struck by the research that was done back in the 1950s by Professor Herb Myer, who was working at that time for GE. Many of the ideas that we are talking about and practicing today in performance management were published by him back in the 50s. Things circle around and we can’t lose sight of the fundamentals that, as you pointed out, make for good human resources.

I couldn’t agree more. To me, the most important thing for people to take away is that human capital issues will remain at the core. HR needs to be an integral part of the process and needs to lead, but they can’t do it on their own. Organizations that get that are going to be the ones that are able to sustain that organizational performance moving forward.



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