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Generational Talent Management for Insurers

Katie School Symposium

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Discussion Roadmap

The convergence of four key market trends is applying increased pressure on the availability and management of talent.

Supply and Demand

National and global workforce and population trends

Changing Demographics

Understanding and managing a diverse and changing workforce

Values and Expectations

Generational attributes and workplace adaptations

Changing Nature of Work

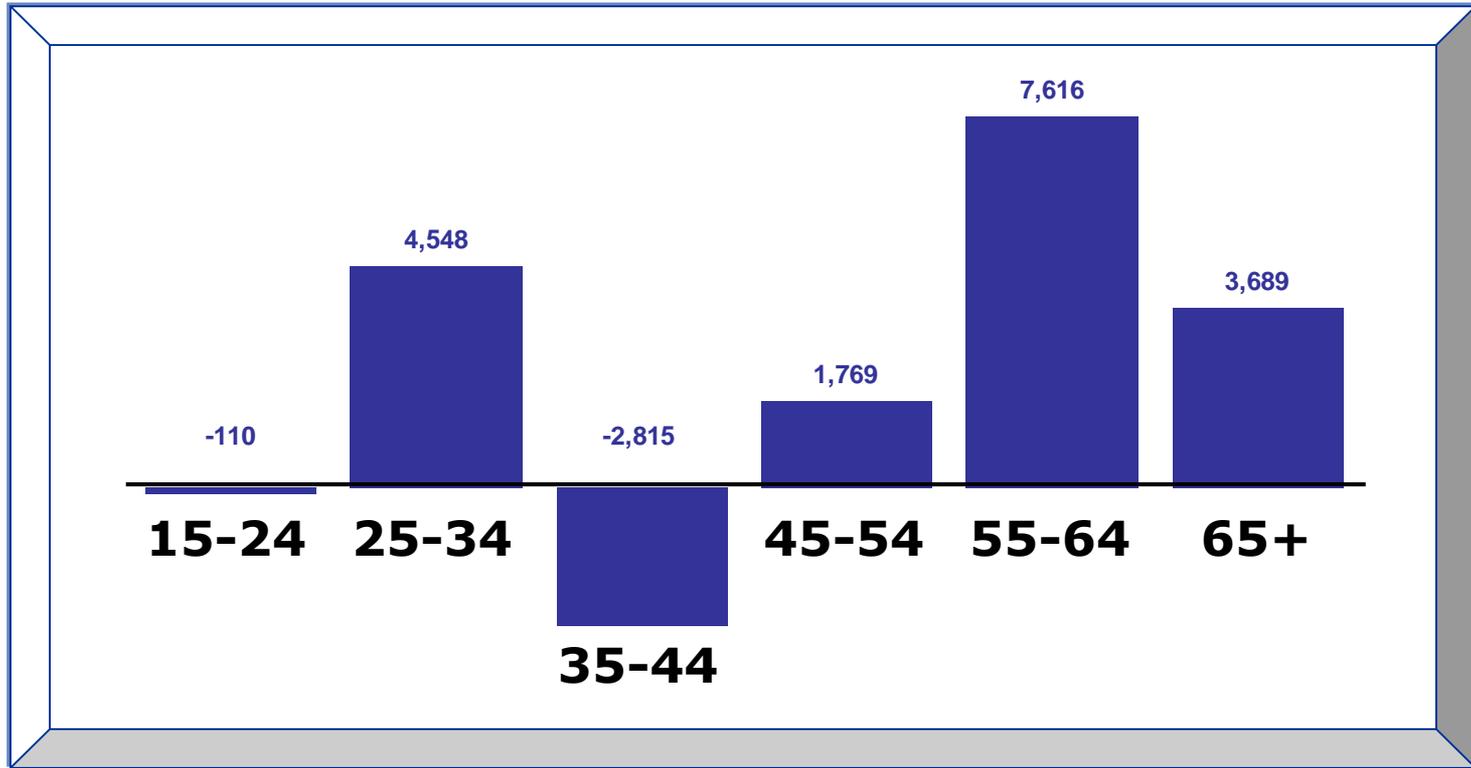
Globalization and digitization of work



Increased pressure on the availability and management of talent

Supply and Demand

The Numbers Speak Volumes – Population Demographics are Changing

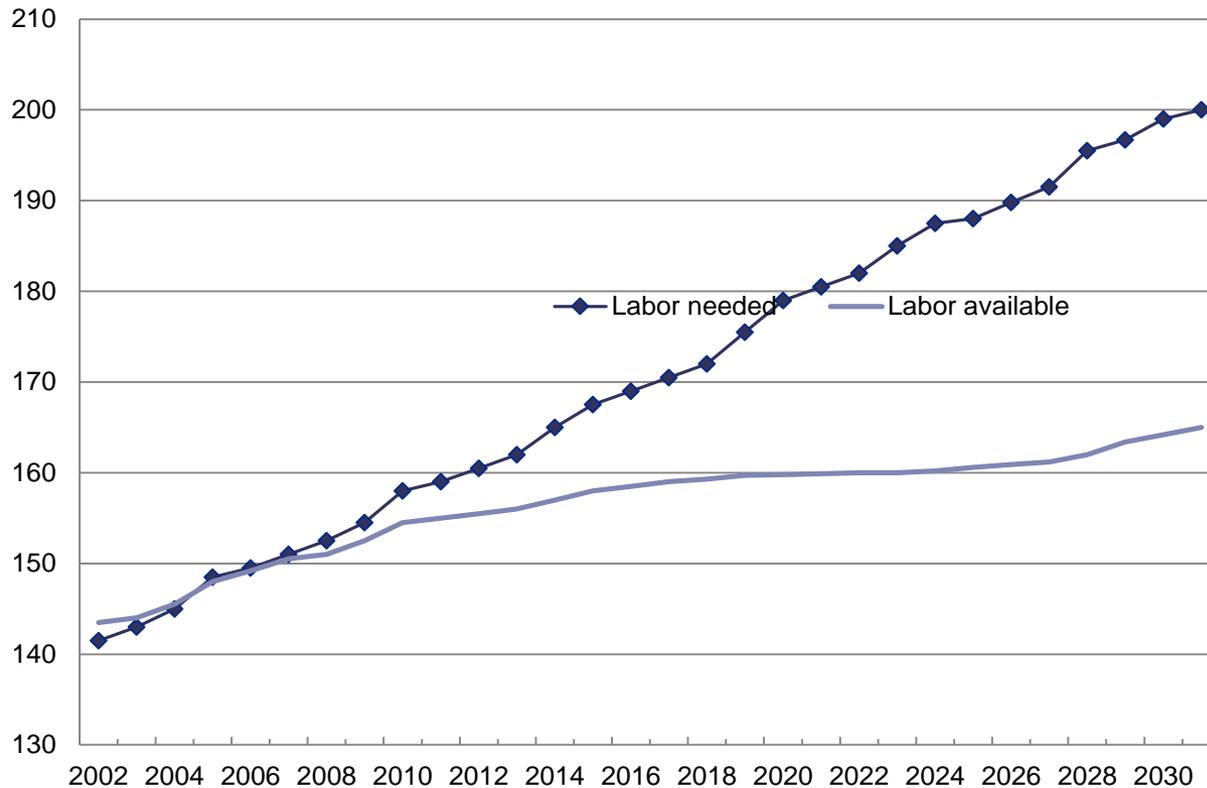


**Numeric Change in Labor Force by Age, Projected 2004 - 2014
(in Thousands)**

Source: U.S. Bureau of Labor Statistics, Labor Force, *Occupational Outlook Quarterly* 49, no. 4 (Washington, DC: GPO, Winter 2005/2006).

The Talent Market is Facing a Shortage in the Number of Available Workers

Labor Force Needed to Maintain Economic Growth

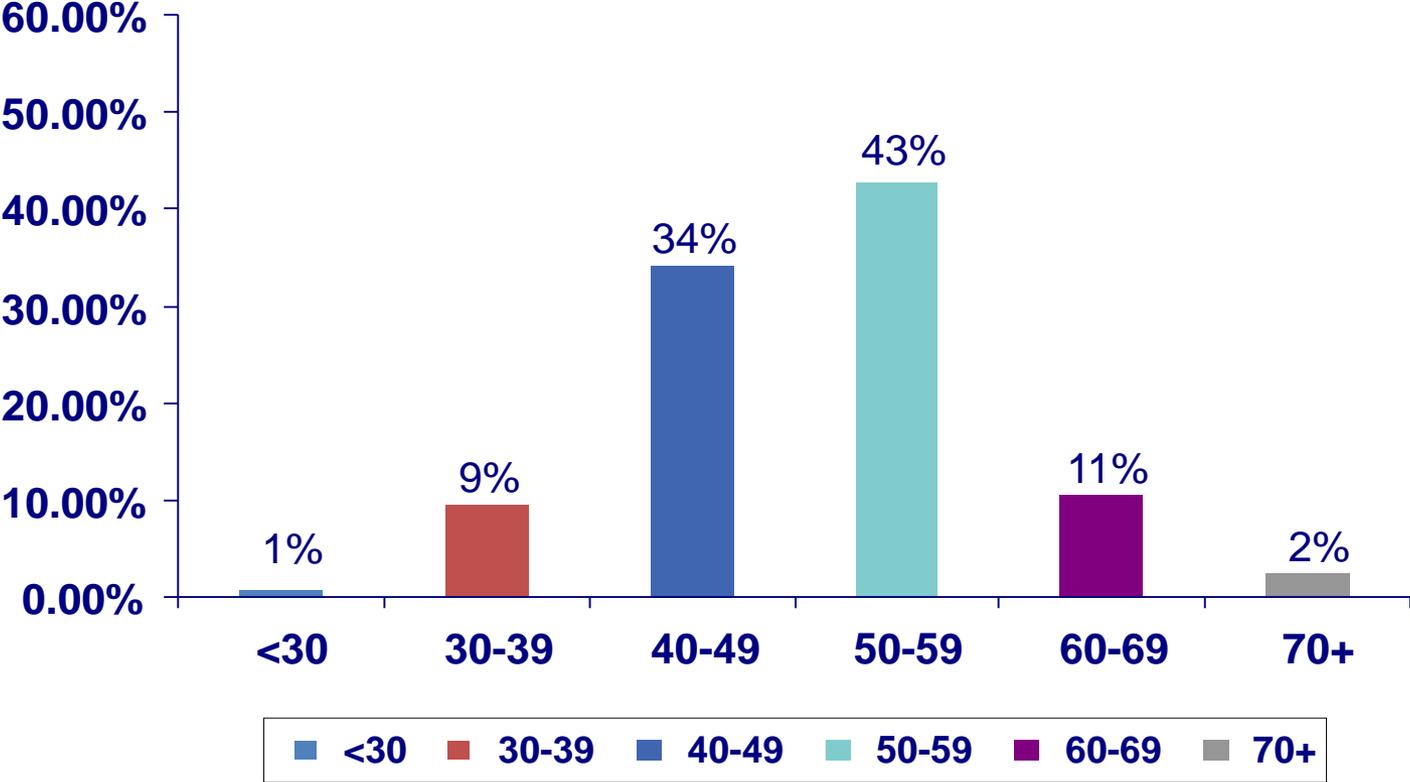


By 2015, there will be a 10 million person gap between the supply and demand of knowledge workers in the U.S.

Sources: Employment Policy Foundation Analysis and projections of Census, Bureau of Labor Statistics, and Bureau of Economic Analysis Data
Bureau of Labor Statistics, Occupational Outlook Quarterly (Fall 2007), Vol. 51 Issue 3

Workforce Demographics for Underwriters

Age Distribution of CPCU Members

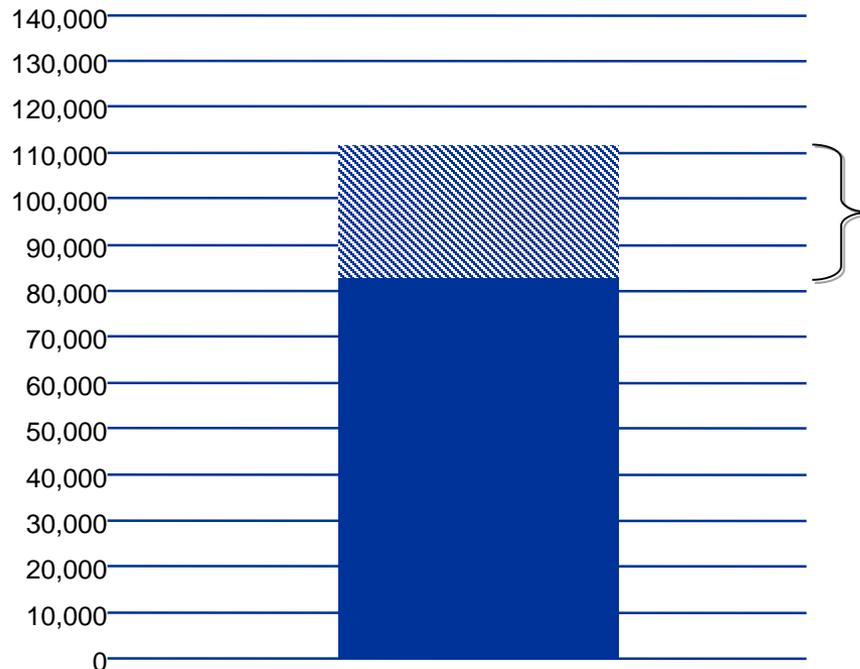


Nearly 90% of Underwriters are Over 40

Sources: CPCU Society Member Statistics, 2007; Bureau of Labor Statistics Current Population Survey, Employed persons by detailed occupation, sex, and age; Current Population Survey Employed persons by detailed occupation, sex, and age, Annual Average 2006

And Demand Continues to Rise: Underwriters

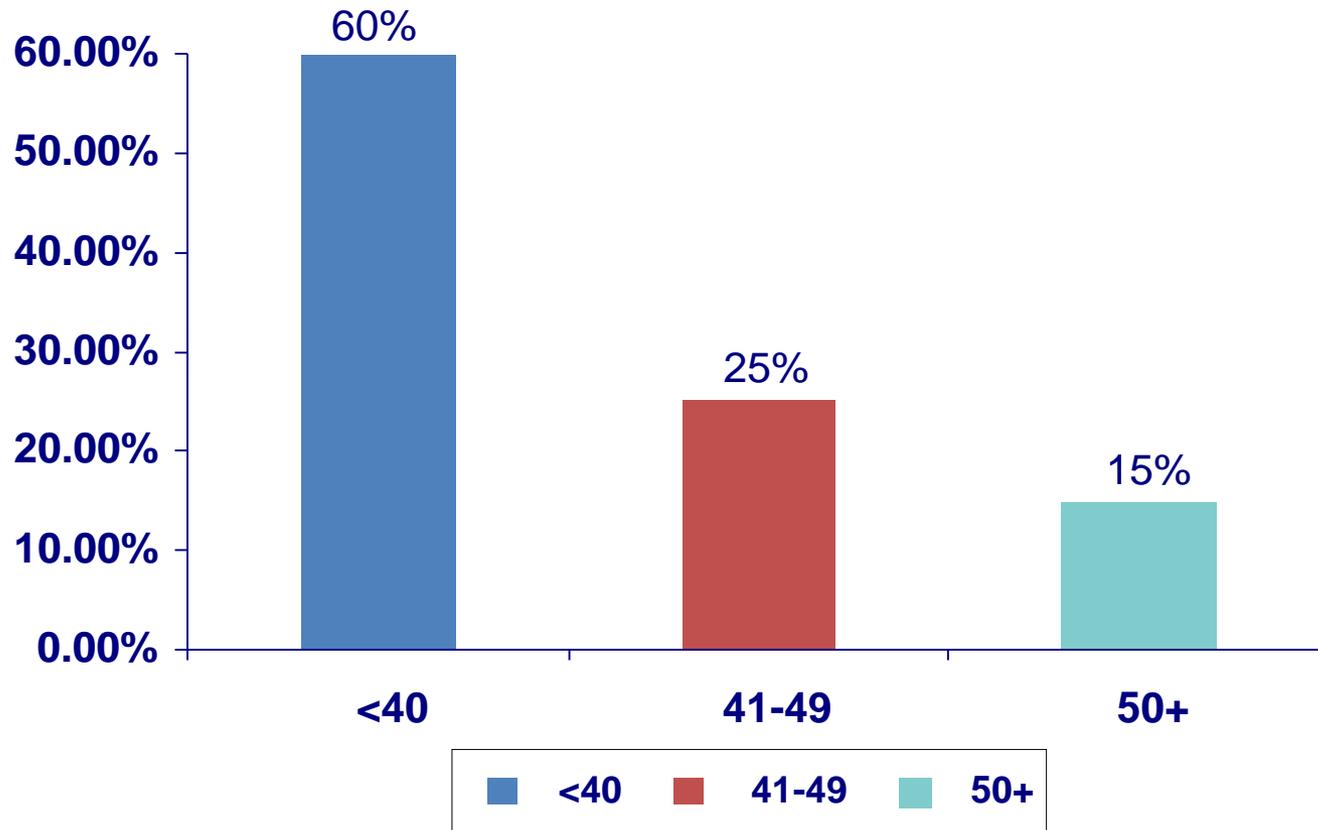
Estimated Company Underwriter Requirements



31,000 new hires required to meet 2016 target of 111,000 underwriters

Workforce Demographics for Claims Adjusters

Age Distribution of Claims Adjusters

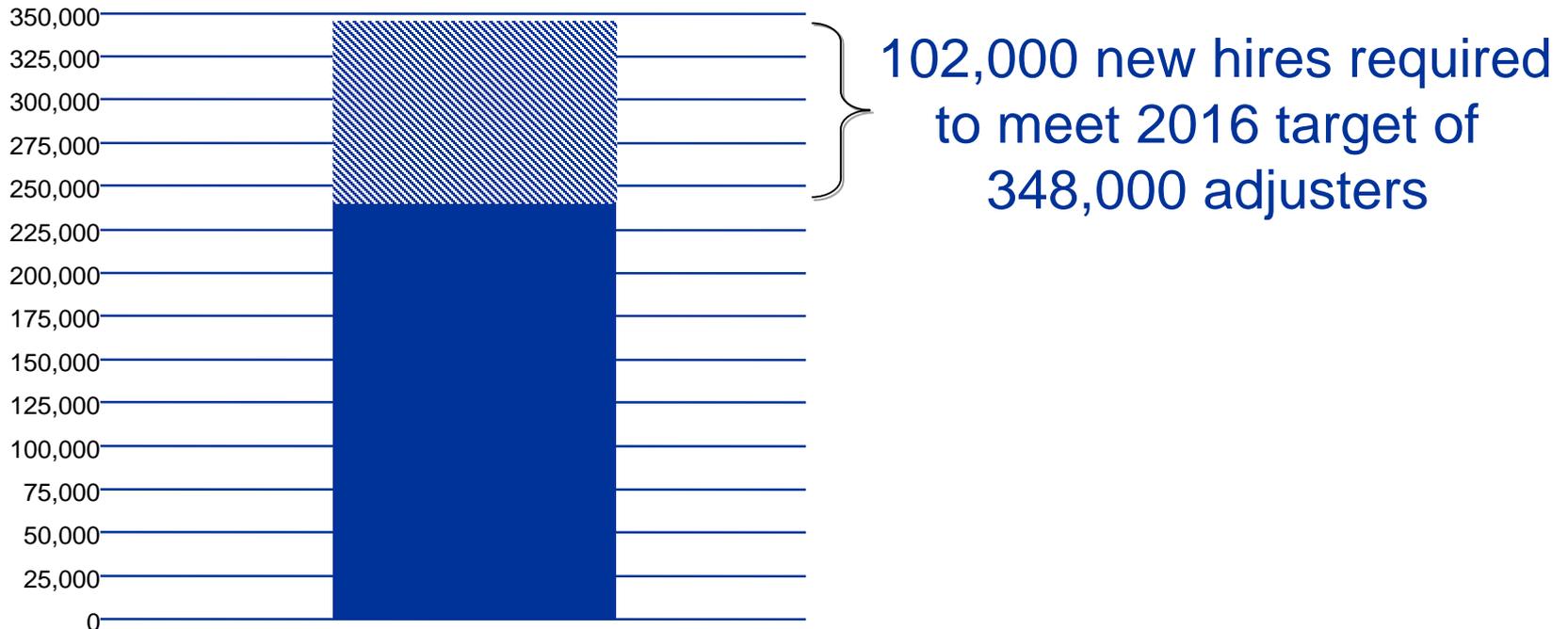


Nearly 40% of Adjusters are Over 40

Sources: CPCU Society Member Statistics, 2007; Bureau of Labor Statistics Current Population Survey, Employed persons by detailed occupation, sex, and age; Current Population Survey Employed persons by detailed occupation, sex, and age, Annual Average 2006

And Demand Continues to Rise: Claims Adjusters

Estimated Company Claims Adjuster Requirements

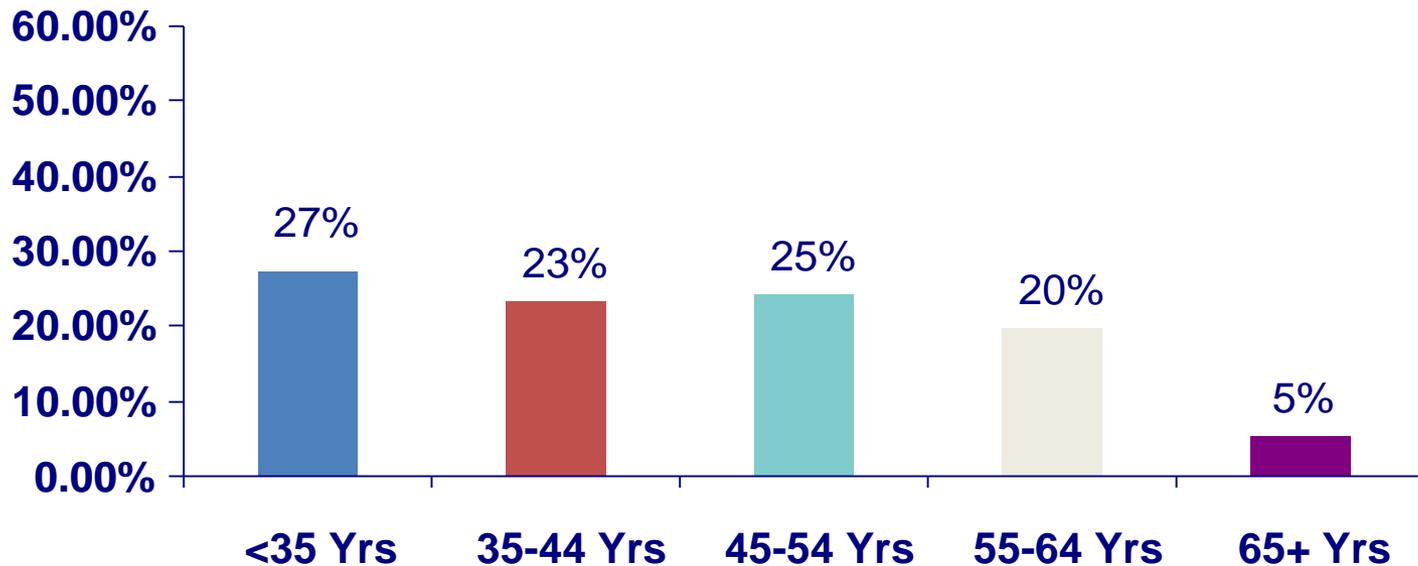


Source: U.S. Department of Labor, Bureau of Labor Statistics Employment by occupation, 2006 and projected 2016.

Note: The Bureau of Labor Statistics includes Appraisers, Examiners and Investigators in their 2006 and project 2016 total employment number for Adjusters

Workforce Demographics for Sales Agents

Age Distribution of Insurance Sales Agents

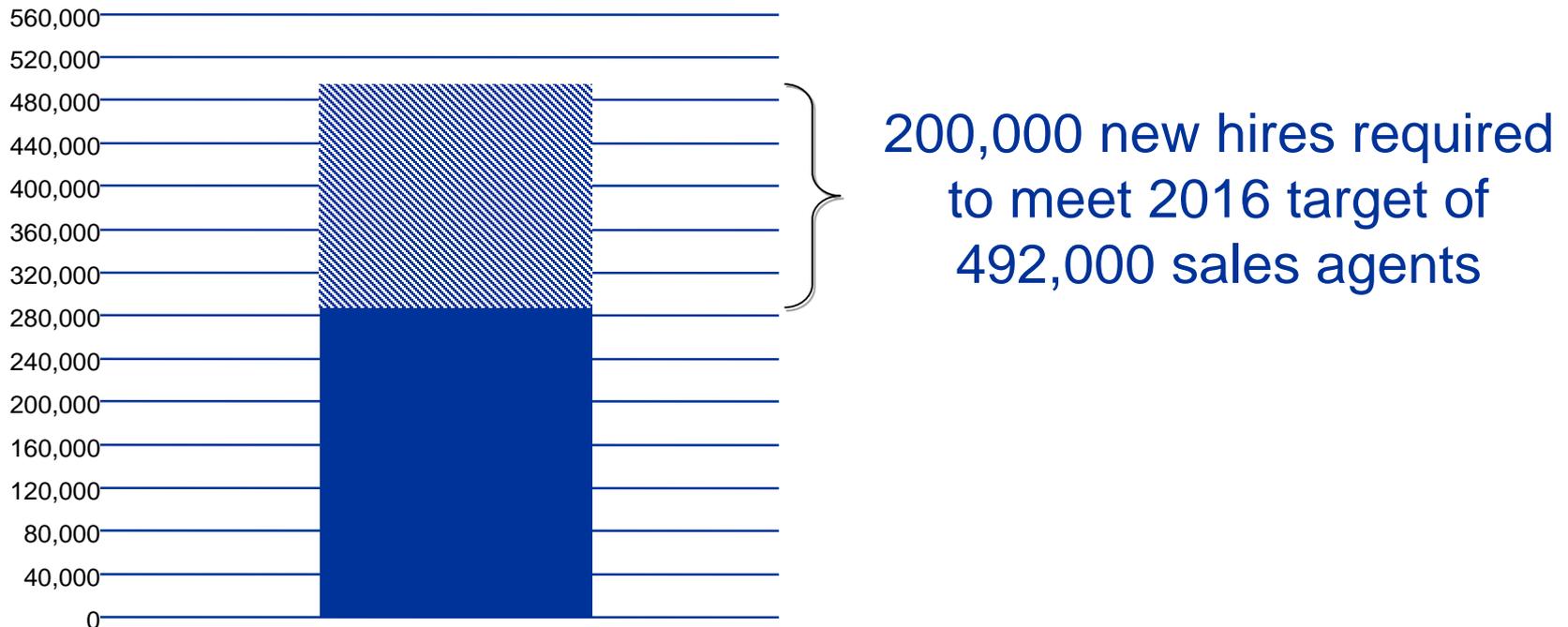


The Sales Workforce Represents a Diverse and Complex Employee Population Without a Clearly Dominant Age Group

Sources: CPCU Society Member Statistics, 2007; Bureau of Labor Statistics Current Population Survey, Employed persons by detailed occupation, sex, and age; Current Population Survey Employed persons by detailed occupation, sex, and age, Annual Average 2006

And Demand Continues to Rise: Sales Agents

Estimated Company Sales Agent Requirements

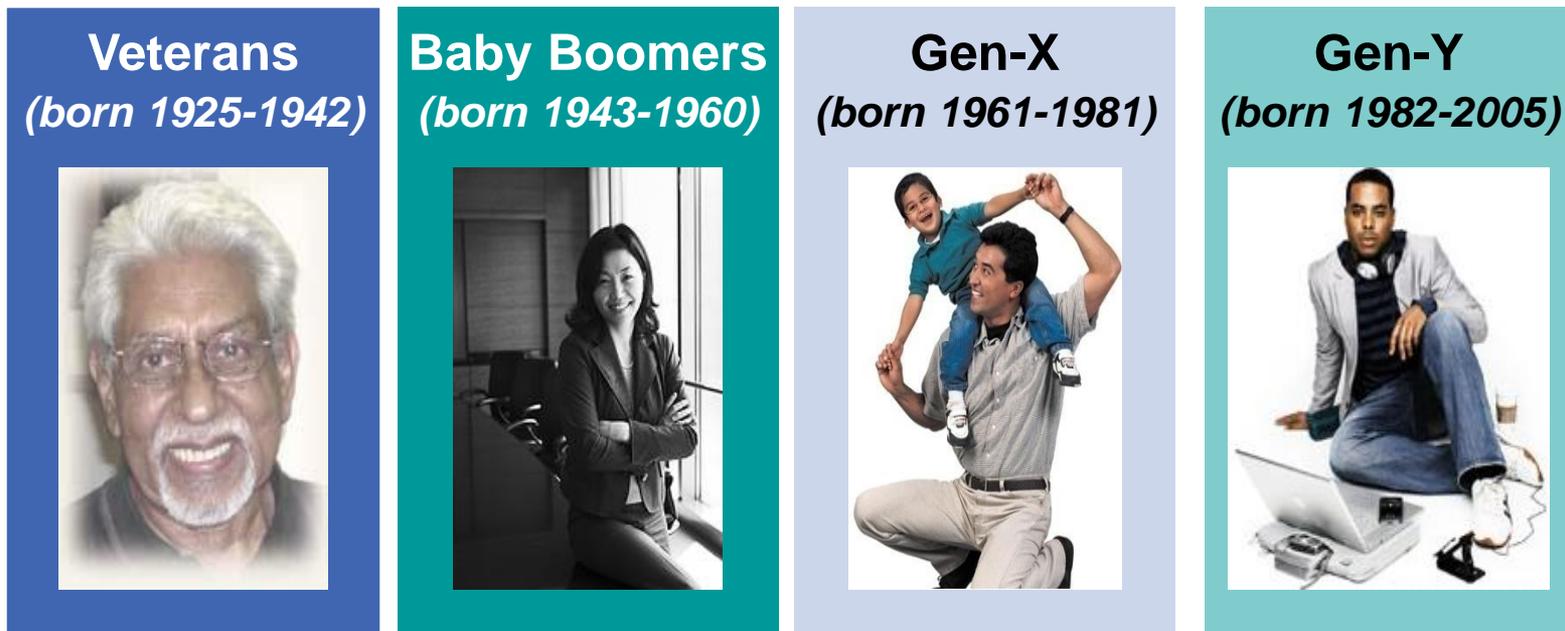


Source: U.S. Department of Labor, Bureau of Labor Statistics Employment by occupation, 2006 and projected 2016

Changing Demographics Values and Expectations

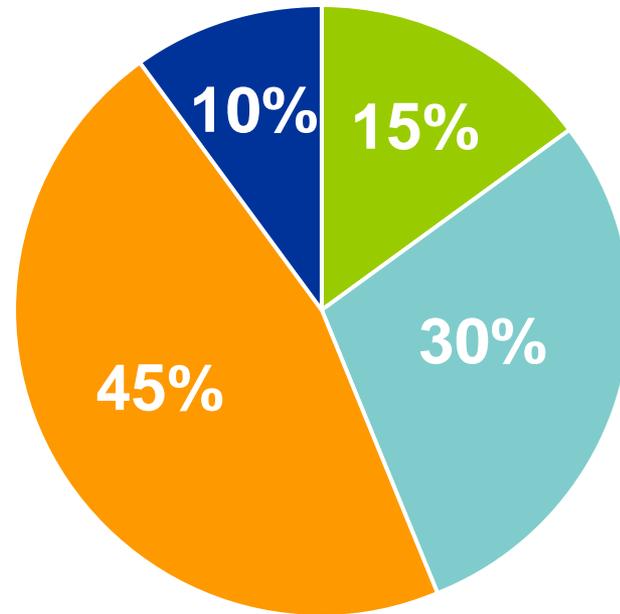
Who are the Generations?

We refer to the four generations in the workforce as: Veterans, Baby Boomers, Gen-X and Gen-Y. Most talent-related research focuses on understanding and balancing the needs of the Baby Boomers as compared to Gen-Y, because these are the two largest groups and the most disparate.



Workplace Demographics are Changing

Four Generations In The Work Force



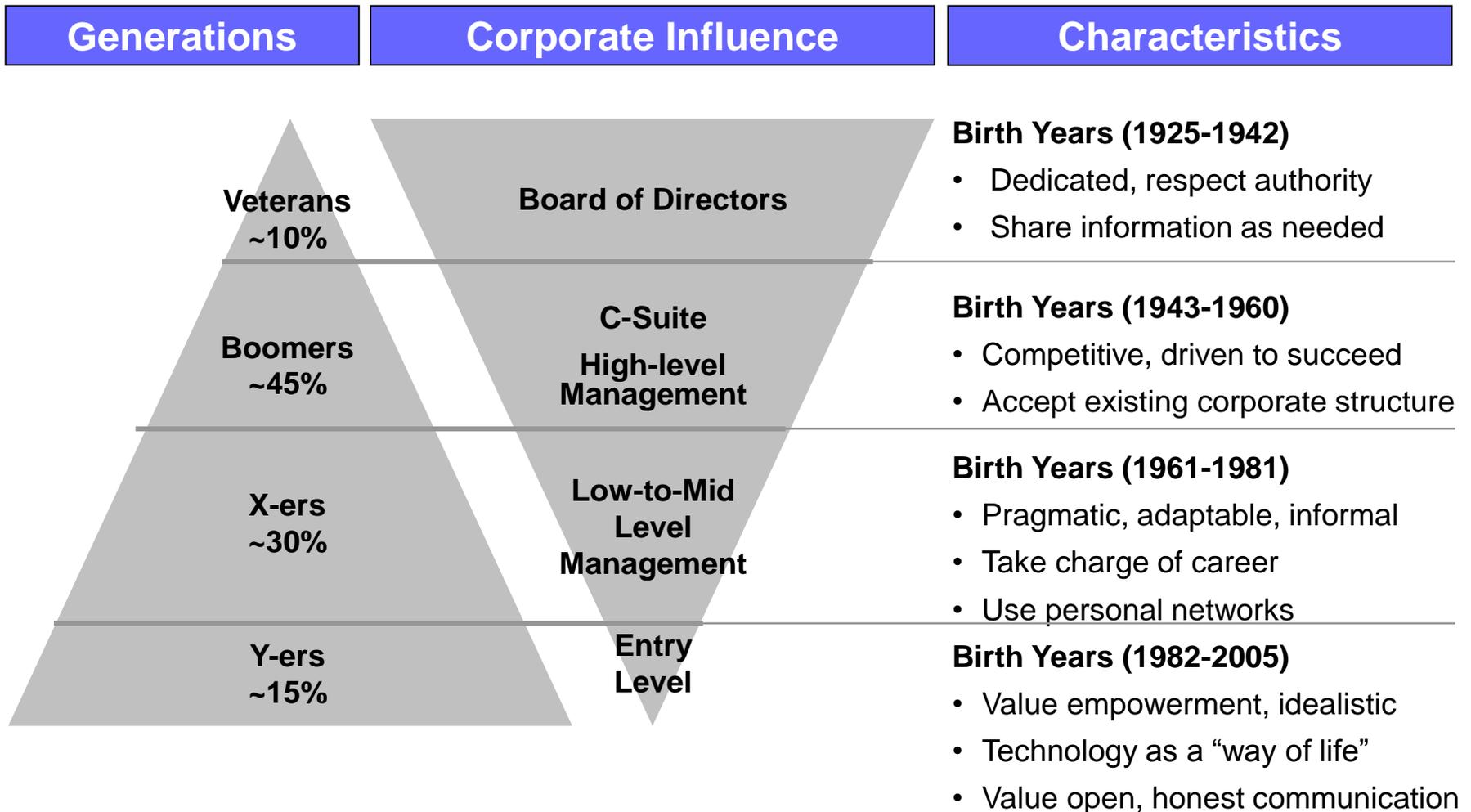
Veterans
(born 1925 – 1942)

Baby Boomers
(born 1943 – 1960)

Generation X
(born 1961 – 1981)

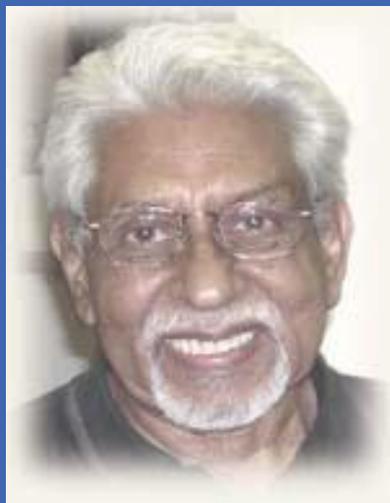
Generation Y
(born 1982 – 2005)

The Generations in Today's Corporate Environment



Cross-Generational Differences: The Veterans

Veterans (born 1925-1942)



Formative Experiences:

- Strong family values and traditional family structure
- Served in the armed forces and had military training
- “Command and control” management style and sharing of information on a “need to know basis”
- World War II (WWII), U.S Great Depression and Patriotism

Employment Expectations:

- Formal hierarchical management structure with clearly defined roles and expectations
- Job security and reward based on tenure/seniority
- Employer loyalty and respect for their opinions, knowledge and experiences

Current Needs

- Ability to stay in the workforce in part-time and temporary positions
- Training on technology applications
- Opportunity to mentor younger workers and vice-versa
- Pension and retirement benefits

“I’m just not ready to retire and with my experience, you can’t afford to lose me.”

Cross-Generational Differences: The Baby Boomers

Baby Boomers (born 1943-1960)



Formative Experiences:

- Traditional household with a working dad and stay-at-home mom
- Educational system that emphasized basic skills
- “Face time” at work and limited technological connectivity
- Management systems that range from “paternalism” to “autocracy”
- Post-WWII prosperity, Civil Rights Movement and Women’s Liberation

Employment Expectations:

- “Face time” in the office and face-to-face business interactions
- Recognition for their personal contributions
- Ascending the “career ladder” and being rewarded for “paying their dues”

Current Needs

- Ongoing training to keep skills updated
- Looking toward retirement, but open to alternatives
- Retirement planning services
- Family and elder-care benefits and support

“I’m loyal but I’ve also worked too hard throughout my career. Sustain and nurture my talent and I’ll stay. Waste my talent? Sorry, I’ll have to go.”

Cross-Generational Differences: Generation X

Gen-X (born 1961-1981)



Formative Experiences:

- “Latchkey kids” where both parents work
- First generation to use computers at school
- Corporate downsizing, merger mania and Wall Street frenzy
- Information explosion and internet revolution

Employment Expectations:

- Fun, informal and friendly work environment
- Clear communication about their goals and responsibilities
- Challenging work, job variety and professional development
- Real-time performance feedback and immediate, tangible rewards
- Interactivity, real-time information and a tech-savvy workplace

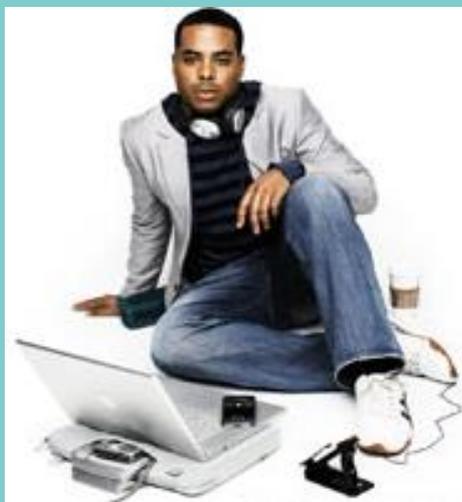
Current Needs

- Flexible work arrangements
- Freedom to get the job done in their own way
- Ability to take control of their own career path
- Access to mentors/company champions
- Family and child-care benefits and support

**“As a single parent, I need the flexibility to work from home.
It’s a deal breaker for me.”**

Cross-Generational Differences: Generation Y

Gen-Y (born 1982-2005)



Formative Experiences:

- Non-traditional or single-parent households
- Diversity in the work place
- High level of connectivity through technology
- Consumerism and a desire to interact with everything they consume
- Corporate scandals, Iraq War and emerging nation's economic boom

Employment Expectations:

- Challenging work and job variety
- Opportunity to make a difference or produce something worthwhile
- Performance-based pay, rewards and recognition
- Personal and professional development
- Flexible and virtual workplace with 24x7 connectivity

Current Needs

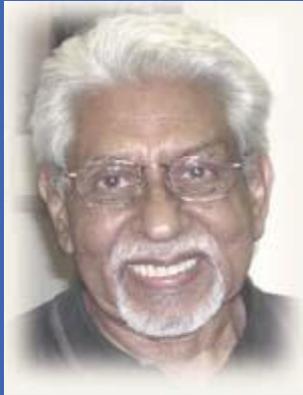
- Favors personal time over benefits of career advancement
- Ability to customize and own their own career paths
- Access to mentors/coaches, senior leadership and networks
- Family-friendly policies and benefits
- Global Mobility

“The person in the ‘cubicle’ next to me could be in Hyderabad. A workplace that is equipped for global mobility means everything.”

Cross-Generational Similarities

Research Indicates a set of 6 Shared Values across the generations.

Veterans
(born 1925-1942)



Baby Boomers
(born 1943-1960)



Gen-X
(born 1961-1981)



Gen-Y
(born 1982-2005)



Shared Values center on desires to be:

- ✓ Respected
- ✓ Recognized
- ✓ Remembered
- ✓ Coached
- ✓ Consulted
- ✓ Connected

In Insurance, Business Issues Further Intensify the Squeeze on Talent Supply

- Young professionals view the insurance industry as unattractive and boring, and feel there is limited growth potential in the field.
- Many large insurance companies are headquartered in rural/small cities, increasing the challenge to attract high quality talent.
- Lack of diversity in the agency workforce makes it increasingly difficult to expand into diverse customer segments; in other words, lack of Gen-Y agents increases difficulty in acquiring Gen-Y customers.

Insurance Companies Must Take Action

What Insurance Companies Need to do

Integrated People Strategies that are fully embedded in the organizational culture and in the way work gets done

Meet Current and Future Talent Challenges

Embed diversity at the core of the organization both to enable a global operation and to attract and retain key talent

Build an operating model that enables work to get done while still meeting the career and work/life balance expectations of the generations in the workforce

Capture and transfer institutional knowledge to a younger, less seasoned workforce, which has very different work values and expectations

Anticipate and prevent the shortage of critical talent, especially in key segments required to meet organizational objectives

The Changing Nature of Work

Emerging Practices and Innovative Solutions

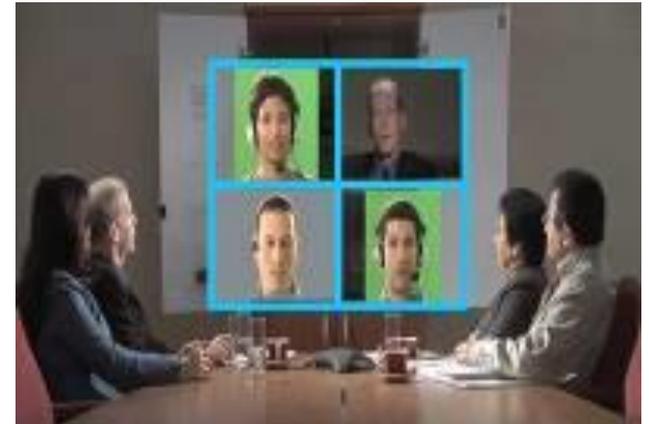
Talent Market Trends – Changing Nature of Work

Consider the effects of globalization, digitization, and reorganization on how, when, and where work gets done. Fueled by innovations in technology, workplace boundaries are being redefined allowing people to work in new and different ways.

— Globalization —



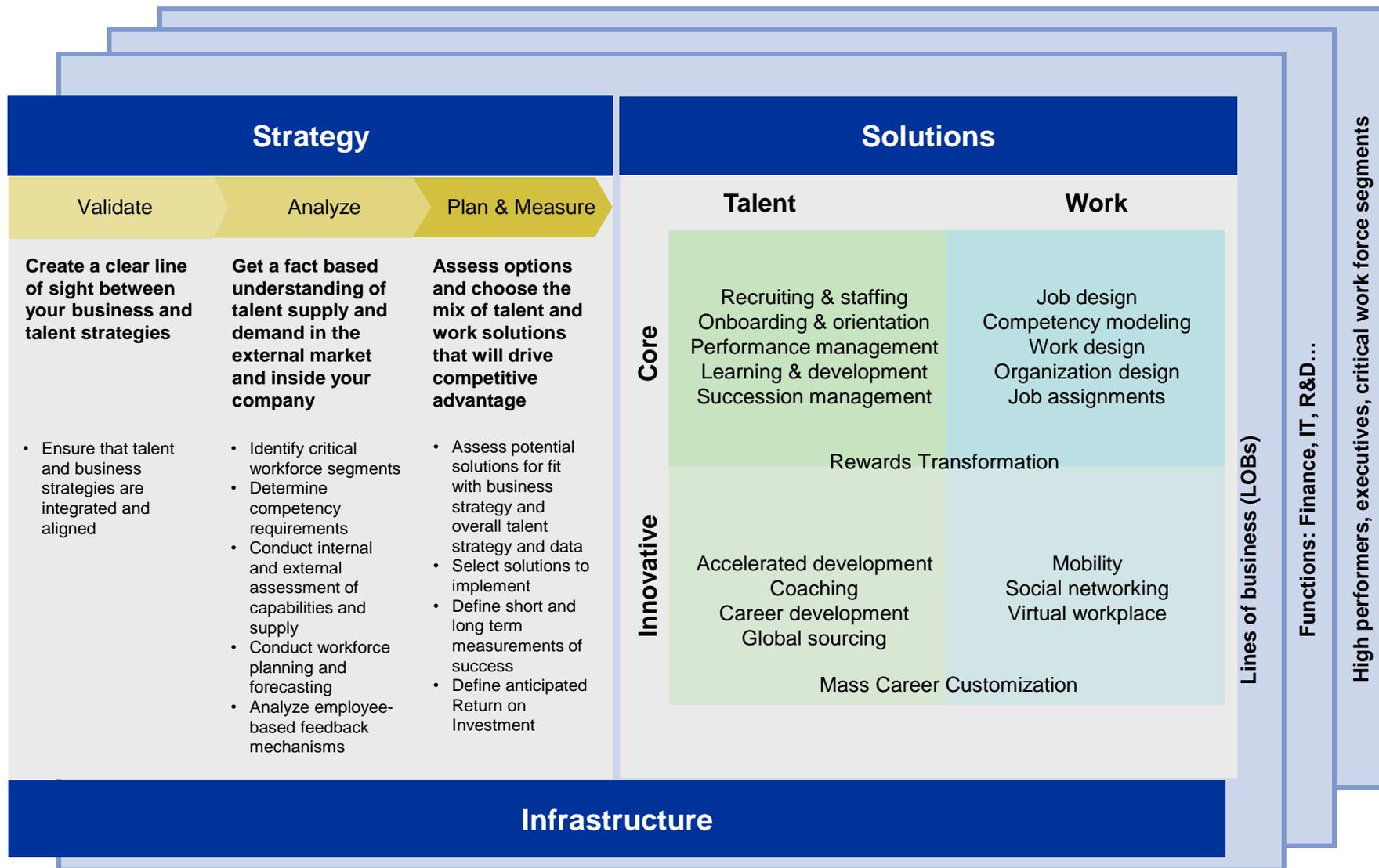
— Digitization —



— Reorganization —

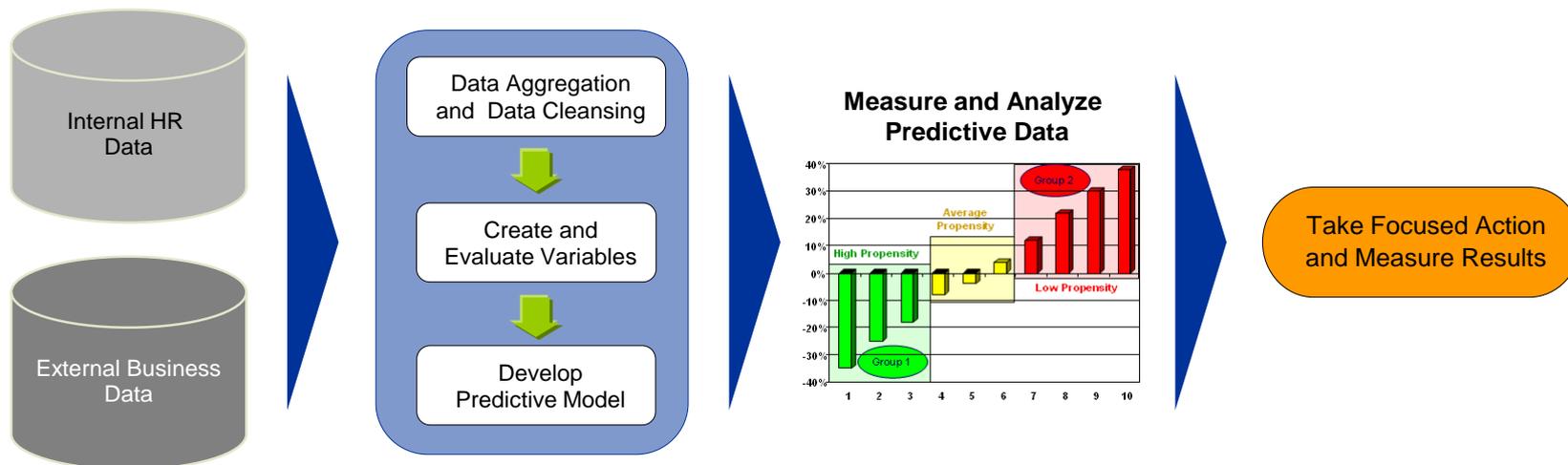


A People Strategy Blueprint – Strategy, Solutions, and Supporting Infrastructure Throughout an Organization



Workforce Intelligence

Workforce Intelligence leverages predictive modeling techniques to execute HR decision making with greater speed, data-driven logic and clear alignment to business priorities.



Changing Talent Dynamics

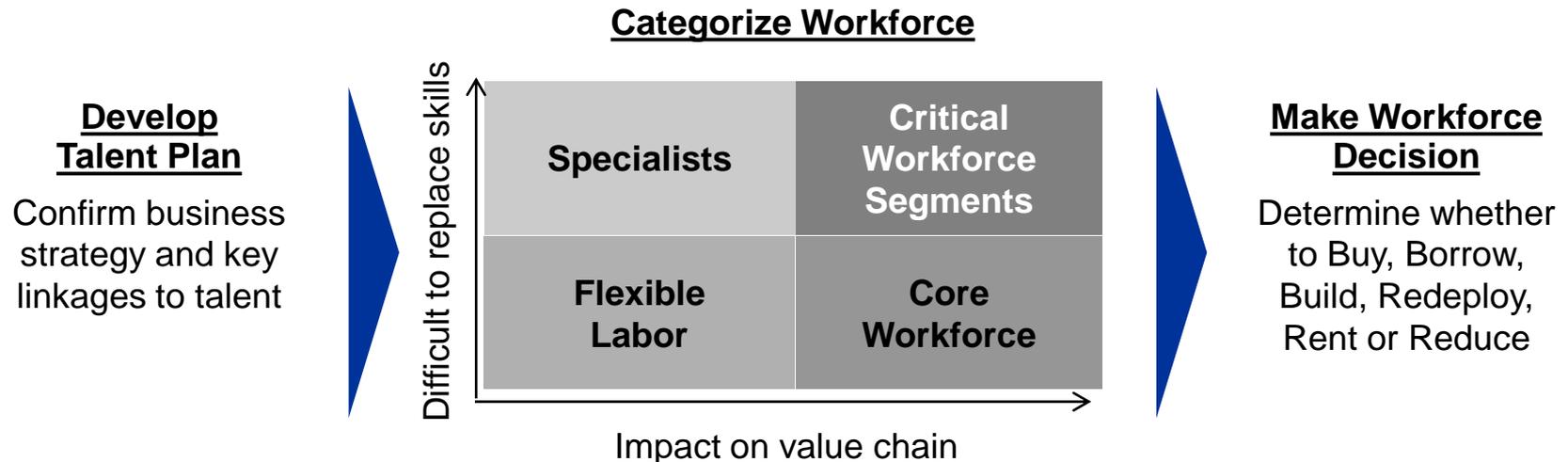
- Employees are no longer committed for life and are very aware of the competitive demand for top talent
- There are many internal and external factors that influence and motivate employees' decision to stay or leave
- 42% of the respondents to a 2005 Hudson Employment Outlook survey indicated that they were willing to change jobs

How Solution Addresses Dynamics

- Enables the organization to identify talent with the highest propensity to succeed or stay
- Enhances organization's strategic capabilities to forecast top-line and bottom-line implications and take focused action to mitigate risks
- Elevates HR's role as a strategic business advisor to prioritize future talent needs

Workforce Planning

Workforce Planning enables organizations to anticipate and plan ahead to address potential shortage or surplus of key talent segments needed to execute on strategic business objectives.



Changing Talent Dynamics

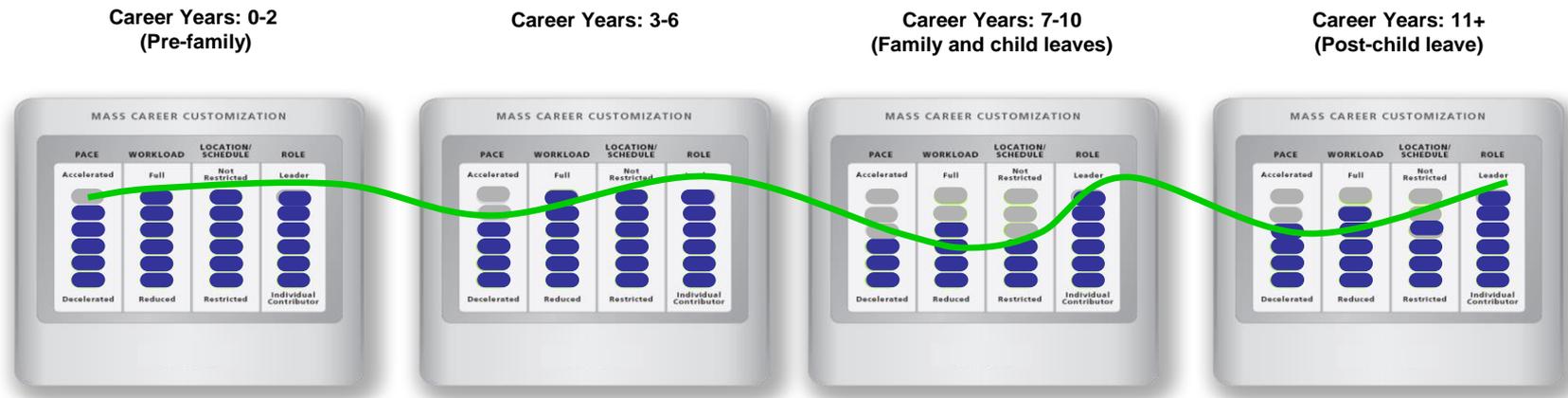
- Baby Boomers are fast approaching retirement and many currently hold critical roles and have specialized knowledge
- Gen X and Gen Y are better educated, more techno-savvy and quicker to adapt
- Working mothers and retirees are seeking part-time work arrangements that allow them flexibility and still contribute to meaningful-value added work

How Solution Addresses Dynamics

- Provides the organization with strategic insight into which people assets deliver the highest ROI and warrant greater investment
- Promotes proactive strategic staffing to address anticipated talent surpluses or deficiencies
- Enables the organization to accommodate part-time schedules and still maintain the optimal resources to execute the portfolio of business services

Mass Career Customization

Today, workers are rejecting the rigidity of the corporate ladder in favor of a lattice path of climbs, lateral moves, and planned descents. This career flexibility is key for the retention and motivation of the workforce, particularly the growing workforce of Gen X and Gen Y employees.



Mass Career Customization provides the comfort of having the choice to customize one's career as priorities change over time

Changing Talent Dynamics

- Gen X and Gen Y favor family and personal time over the rewards associated with increased responsibility
- Veterans and Baby Boomers are looking for alternatives to continue contributing to the workplace post-retirement
- Employee want to feel empowered to manage their own career and development

How Solution Addresses Dynamics

- Leverages technology and 24x7 connectivity to offer flexibility with how and when work gets done
- Enables employees to strike a balance by “fitting work into life and life into work” thereby increasing employee engagement and commitment
- Provides employees with the control to move faster, slower or change directions based on career-life needs over time

Employee Development and Learning

In a market where organizations are not able to find enough talent to fulfill demand, employee development is key to the retention of top talent.



Changing Talent Dynamics

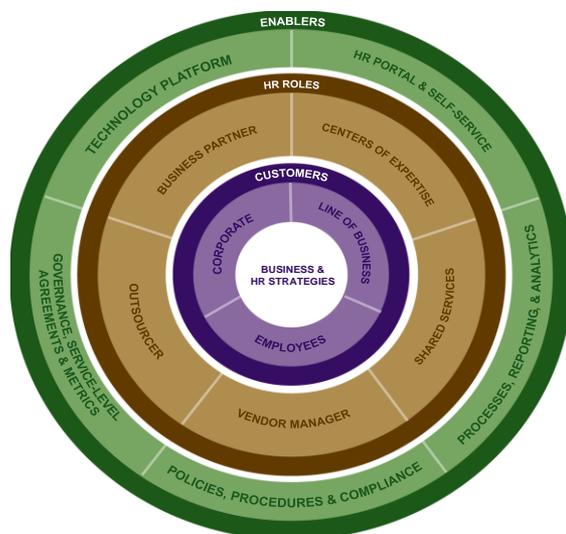
- Gen Y is just entering the workforce and is eager to learn and make a difference
- Gen X value skill-development training and accumulating transferable job skills
- Veterans and Baby Boomers want to keep up and take advantage of the breakthroughs in new technology and thought leadership

How Solution Addresses Dynamics

- Enables employees to unlock their full potential and keep their skills relevant to work productively and adapt quickly to changing market needs
- Enhances employee engagement by demonstrating the organization's commitment and investment in helping employees grow

Global Mobility

Soaring global competition and worldwide demographic changes have created the need to source and deploy talent across borders. Future leaders need to be globally-savvy and understand how to manage a regionally diverse workforce.



The Global Mobility Service Delivery model provides a framework for how to enable Global Mobility within an organization

Changing Talent Dynamics

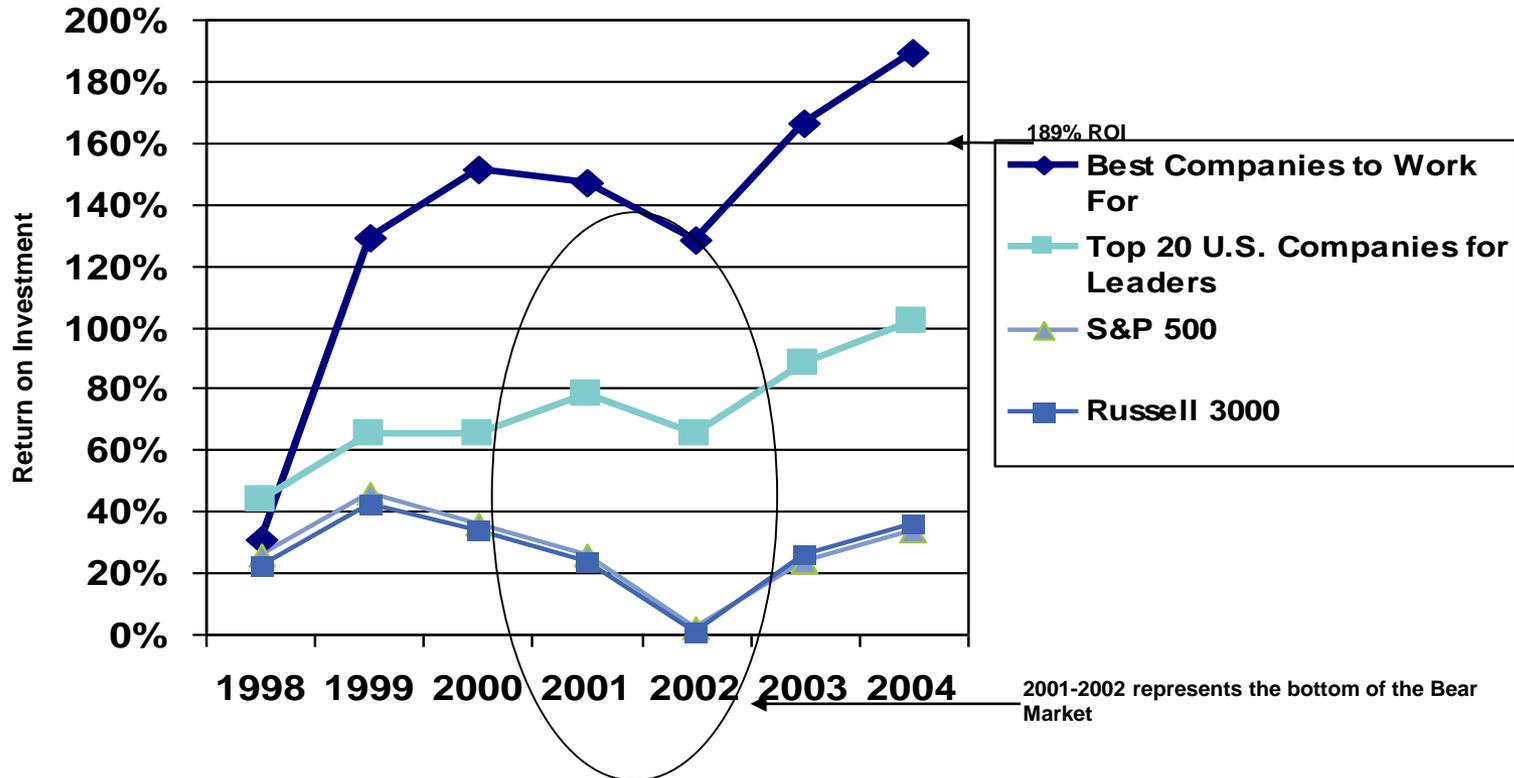
- There are changing employee attitudes toward mobility, as people are more worldly and inquisitive to learn about new cultures and perspectives
- The workforce is globally dispersed and come from very diverse cultural and national backgrounds

How Solution Addresses Dynamics

- Develops employees and leaders who are culturally savvy and demonstrate versatility in managing a diverse, cross-cultural workforce
- Promotes the exchange of knowledge and best practices as well as cultivates innovative thinking
- Enables organizational agility to rapidly shift the “right” people across and within borders while keeping the associated compliance, administrative and talent challenges under control

Why? Meaningful Return on Investment

Companies that invest resources in people strategies tend to show better financial performance



- Stocks of publicly traded companies on Fortune's annual '100 Best Companies to Work For' collectively beat the S&P 500 and Russell 3000 index by more than 300% from 1998 to 2004
- Stocks of Hewitt's '2005 Top 20 U.S. Companies for Leaders' beat the S&P 500 and Russell 3000 index by more than 250% from 1998 to 2004

In Summary

Supply and Demand

- **Shortage of skills and experience:** Overall demand for workers is already beginning to exceed supply. As the baby boom generation reaches retirement age, organizations face a brain drain of skills and experience.
- **Knowledge retention:** Decrease in number of middle managers will stifle the leadership pipeline.

Changing Demographics

- **Aging:** Average age of employees will continue to rise. Mature workers (55+) are the fastest-growing segment.
- **Generational diversity:** The generational mix is changing very rapidly, with 4 generations now working side-by-side.

Values and Expectations

- **Strain on organizational coherence:** As the workforce diversifies and disperses - adopting flexible schedules, telework, and other technology-enabled arrangements - leaders must find new ways to cultivate and nourish organizational culture and identity.
- **Mobility:** Almost 60% of workers are willing to change jobs. Opportunities to learn and grow internally will become more important.
- **Nonlinear careers:** Internal development and continuing education must take workers' life stages into account.

**A New Way to Think About Work
AND
A New Way to Think About Talent**

Question & Answer

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