

MOBILITY 2018 Recap

- Mobility has never been more interesting, or more challenging
- All of these elements – skill and talent scarcities, advanced technology and automation, geopolitical ambiguity, demographic shifts and organizational transformations – each of which is complex on its own – are blended together to make a cocktail that’s changing the way we work and live.
- Skills shortages keep getting more challenging and more extensive with respect to finding and keeping talent.
- The scenario is made more complex with the need to have mechanisms in place and companies committed to train, retrain and upskill employees.
- And it’s going to get even tighter, so all of us touching talent sourcing and mobility management will be looking at a range of solutions from classic, nontraditional and sometimes surprising channels.
- We need to tell a high-level, cogent story about how sourcing the right talent, and plaThe first force affecting the future of work and the role of mobility is the rising deficit of talent and skills, and the staggering shortages that are expected year-over-year. Adding to the skills shortage is a steady attrition from the traditional workforce toward contingent opportunities.

Global Business is Bullish

Global business is steady and relatively healthy!

1. Soaring short-term CEO optimism

- This year – there was a record jump in the all-time highest level of CEO confidence regarding global economic growth prospects for the coming year. For the first time since 2012, a majority (57%) of the CEOs surveyed believe global economic growth will improve.
- Optimism is twice as high as last year and truly global — from North America to both Western and Central/Eastern Europe, as well as Africa, Latin America, the Middle East and Asia Pacific.
- 2017: 51% of respondents said they were “very confident” about their organization’s longer-term growth prospects, 2018: that number was 45%. Long-term confidence is more difficult with uncertainty re: technological disruption and geopolitical unpredictability
- Fewer than one in five CEOs are expecting to reduce headcount in the next 12 months 2. A focus on the geopolitical positives

2. A focus on geopolitical positives

- In the short-term, CEO optimism not impacted by shake-ups such as Brexit, the Trump administration and increased anxiety over North Korea.
- CEOs continue to invest in and grow their businesses; 2017 looks to be the best year for the global economy since 2010; upward trend is set to continue in 2018.
- With deep corporate tax cuts, deregulation and infrastructure spending on tap for 2018, it's no surprise that North American CEOs are the most confident survey respondents: more than half (53%) of CEOs from the region are "very confident" about their company's growth in the next 12 months.

Even with a more risky environment, CEOs are becoming more used to high levels of multiple risks and are finding ways of managing them. They are better at predicting the pitfalls and navigating around them.

3. Taking technology in their stride

- Technological advances — like cyber threats and the sheer speed of change — are high on the list of concerns that keep CEOs up at night. 2017: 24% of CEOs said they were "extremely concerned" about cyber threats, but that number has jumped to 40% this year.
- Business leaders see enabling universal connectivity as the chief benefit of globalization.
- All agree that the impact of AI will be enormous, potentially transforming business and society at large.
- PwC's recent global AI report predicts AI will contribute an additional \$15.7 trillion to global GDP by 2030.

4.0 is a Game-changer

We've had three industrial revolutions prior to the one we are in today:

- 1: Steam and the first machines that mechanized some of the work our ancestors did.
2. Electricity, the assembly line and the birth of mass production.
3. Computers emerged, and the start of automation with robots/machines on assembly lines
4. NOW - Industry 4.0, in which computers and automation are coming together so intricately that it is changing the way we work and live. Robotics connected remotely to computer systems equipped with machine learning algorithms can learn and control the mechanisms and processes with very little input from human operators.

These are some of the challenges and benefits we'll see:

- Increased data security issues with integration of new systems and more access to those systems.
- A high degree of reliability and stability are needed for successful cyber-physical communication that can be difficult to achieve and maintain.
- Loss of human jobs when new automations are introduced.
- Systemic lack of experience and manpower to create and implement and service these systems.

- Reluctance from stakeholders and investors to invest heavily in new technologies.
- Supply chains could be more readily controlled with data at every level of the generation and delivery process.
- Computer control could produce much more reliable and consistent productivity and output.
- Results for many businesses could be increased revenues, market share, and profits.

Skills Shortages. Again. And again.

There are a number of elements contributing to the skills shortage:

- Total fertility rates, which can be defined as the average number of children born to a woman who survives her reproductive years (aged 15-49), have decreased globally by about half since 1960. This has drastically shaped today's global economy, but a continued decline could have much more severe long-term consequences. If the world has too many elderly dependents and not enough workers, not only does that feed the skills gap - the burden on economic growth will be difficult to overcome.
- Historic demographic churn (with multiple generations and changing priorities, communication needs, preferences and expectations in the workforce) is significant as well in impacting talent and skill shortages. The Boston Consulting Group (BCG) research reveals that by 2035, one in five people worldwide will be 65 or older. BCG predicts a labor deficit within 15 years in most of the largest 15 economies, including three of the four BRIC countries—Brazil, Russia and China. Their conclusion: “The labor crisis will affect almost every large multinational company.”
- Upskilling, reskilling, retooling, retraining, lifelong learning: all are terms that describe the ways individuals and businesses will combat a skills shortage and talent shift. Taking an active role in employee learning will soon be universally understood; in fact, a recent Manpower Group report stated that “helping people upskill and adapt to a fast-changing world of work will be the defining challenge of our time.”
- Training and learning will happen on multiple tracks. A recent LinkedIn learning survey shows that talent developers are watching trends like “micro-learning” (teaching and delivering content to learners in small, specific bursts) and “just-in-time learning” (on-demand, when the learner needs it) and are relying more strongly on online learning solutions, both to deliver content and to measure the efficacy of learning. Digital advances in AI, AR, voice recognition, and cognitive training are transforming learning, too.
- Companies are developing internal training, leveraging external platforms (like Coursera or LinkedIn’s Lynda) to train employees, partnering with universities to create curricula that turns out skilled job candidates for their industries, creating apprentice programs a la Germany’s robust training, and funding job initiatives (like the \$1B Grow with Google or Home Depot’s commitment to spend \$50M to train construction workers).
- The lesson for the future is that mobility professionals must both learn and educate on the functions that the HR circle of influence needs to understand - to future-proof how they strategically support the business. We are working toward a world where - when talent is

needed, or a talent problem needs to be solved - the first inclination at the strategic level in an organization is to engage HR with mobility.

It's Coming to Mobility: the Contingent Workforce

There's a talent shortage. And a skills shortage. But you know what there are plenty of? Contingent workers! We're talking about free agents, gig types, freelancers, contractors, independent folks...that growing army of employer-free, entrepreneurially-minded individuals who like the flexibility and choicefulness of working when and where they want to – and deciding what they will work on.

Contingent workers are racing toward becoming a majority in the workforce by 2027, drawn by the freedom and flexibility, and fueled by an entrepreneurial bent. More than 60% of those in the contingent workforce are choosing this type of work over traditional employment, and nearly 50% of millennial workers are already part of the gig economy. This growing freelance community will increasingly be tapped to fulfill or manage projects and cover skills gaps, and helping companies avoid project slowdowns and offering workforce scalability and cost efficiencies.

- The total addressable market for the global gig economy is \$1.5 trillion
- Though an amalgamated global estimate of those in the contingent workforce is a moving target, the U.S. and Canada account for half of the world's freelancers, with Europe coming in a not-too-distant second; around 30%. Asia has more than 11% of such workers; Australia and South America have more than 4% each, and Africa, less than 2%. By 2027, it is expected that more than half of the U.S. workforce will be freelancers. The numbers are rising globally as well. That places more strain on an already limited traditional talent pool and foretells a radical change in the way companies will be staffing for talent and skills needs.

Leveraging contingent labor offers a business solution that is scalable and flexible, doesn't require benefits, and provides access to specialized skills on an as-needed basis, often on short notice. (For example, companies can assemble a "dream team" to come together for one project, and then disband when it's completed.) It may be possible to reduce spend, heighten efficiency, and enhance performance, and you'll be able to track, source, schedule, and monitor performance with analytics. It can also be a path to trying out talent in a position before formalizing the worker as a permanent hire.

Prepare now, before this trend takes hold. Integrate – or make a plan for - a contingent workforce management program for your company or clients. That gives you time to learn the ropes and identify where you will find good contingent candidates – an advantage, since you'll have more competition as more companies discover and tap into the on-demand worker pool. If you see traditional talent leaving the workforce for independent work, keep them in your circle, in case you need their talents later.

Determine the tax, legal and financial requirements for and drawbacks of using contingent workers. For global assignments, tax and legal issues will vary by country. Work with counsel to clearly define what constitutes a contingent worker, who is an employee, and who is not an employee. Spell out the parameters if any mobility assistance is offered, how payment will be rendered, name the liabilities and confidentiality issues (especially as contingent workers are free to work with competitors when they leave your project) and make this knowledge a part of your contingent worker program.

Is Retraining and Upskilling Better than External Hiring?

Manpower Talent Shortage Survey

- 40% to 60% of workers are in declining jobs, while the skill sets of workers in surviving occupations will likely need re-engineering.
- Today, there's about an 18-month lens to find out what's needed.
- For many companies, training and upskilling existing employees is a better option than trying to hire externally.
- Manpower's Talent Shortage Survey found that 53% of businesses surveyed employ this practice.
- Top talent is looking for training to advance their careers. If you don't provide it, your competition will. 65% of all employees expect to receive career guidance from their managers and other leaders
- Current staff may not have the particular skills required for an opening, but they understand the company's culture and practices – that's an advantage, and those are situations where the training path is easily identified
- Find the performance gap vs. the skills gap - and train directly to those competencies to close the gaps
- Training can be more cost-effective than many companies realize, according to Bersin by Deloitte. It costs about six times more to hire a new worker than it does to retrain and retain an existing employee, and new hires are also more likely to leave.
- HR and training departments often operate in reactionary mode. This is where the strategic partnering can come in: when you collaborate with business units, forecast needs based on upcoming initiatives and other factors, and then plan learning, the value of training is elevated exponentially.

Re-tooling, Re-skilling, Re-training JOBS

The first force affecting the future of work and the role of mobility is the rising deficit of talent and skills, and the staggering shortages that are expected year-over-year. Adding to the skills shortage is a steady attrition from the traditional workforce toward contingent opportunities. Overarching the entire issue is the necessity for fresh competencies that arrived with Industry

4.0; skills that are needed to address data and predictive analytics, robotics, artificial intelligence (AI), augmented reality (AR), the adoption of block chain, and a more advanced Internet of Things (IoT). Such technological advancements are bringing disruption to how people live and work and affecting industries, countries, and economies. The world is becoming far more connected and complex, creating new jobs and demanding new skill sets.

The Institute for the Future predicts 85% of the jobs that will exist in 2030 have yet to be invented. Also by 2030, says McKinsey & Company, up to 375 million workers will need to switch occupational categories.

Training and learning will happen on multiple tracks. The LinkedIn learning survey shows that talent developers are watching trends like “micro learning” (teaching and delivering content to learners in small, specific bursts) and “just-in-time learning” (on-demand, when the learner needs it) and are relying more strongly on online learning solutions, both to deliver content and to measure the efficacy of learning. Digital advances in AI, AR, voice recognition, and cognitive training are transforming learning, too.

Companies are handling the need for training through a range of methods: developing internal training, leveraging external platforms (like Coursera or LinkedIn’s Lynda) to train employees, partnering with universities to create curricula that turns out skilled job candidates for their industries, creating apprentice programs a la Germany’s robust training, and funding job initiatives (like the \$1B Grow with Google or Home Depot’s commitment to spend \$50M to train construction workers).

Looking Beyond the 4 year Degree

There are a lot of iterations of workers in this new environment, and here’s another: IBM CEO Ginni Rometty coined the phrase “new-collar workers” last year to describe jobs that don’t require a traditional 4-year degree, but do require a good amount of skill. She recognized the current talent shortage in the “white collar” tech industry, and the challenges for job seekers in other, non-tech “blue collar” industries, from agriculture to manufacturing. She urged politicians and business leaders to not think in terms of white collar or blue collar jobs, but to broadly consider these future unfilled positions as “new collar” jobs. She stresses the importance of looking beyond the four-year degree and instead looking to whether a potential employee has “relevant skills, often obtained through vocational training.” IBM plans to hire 25,000 new employees in this mold over the course of the next four years. As the US prepares for several decades of robotic automation, employers will need to start prizing adaptability over expertise in certain cases. The valuable worker won’t necessarily be the one who knows everything, but who can adjust if and when another job gets turned over to machines.

It's not just our Workforce that's Changing – Our Companies and Business Models are, too.

A few years ago, then-GE Chairman and CEO Jeff Immelt told a conference audience, “If you went to bed last night as an industrial company, you’re going to wake up this morning as a software and analytics company.” This is what many of us are waking up to today: Regardless of our industry’s purpose, technology and data are driving the way we serve customers, manage processes, respond to preferences, and deliver services.

Our own research tells us that in the mobility industry and in other business initiatives, we need to move toward:

- Building our skills in blending the human side of the work we do with a more analytical approach to mobility as a business strategy.
- Learning what it really means to be a strategic business partner, understanding the business perspective in addition to the mobility perspective, sharing the expertise we have outside of our own methodology, moving toward different ways of partnering internally and servicing clients externally
- Hiring and developing talent that is primed for innovation and disruption. Considering skillsets that can help redesign organizations and work – that are entrepreneurial and inventive.
- Reskilling to learn about and use analytics, artificial intelligence, augmented reality and other technological advances – all will change the way work is performed – and thus the workforce – and add sophistication, speed and options to mobility processes and interactions
- Data talks: learning about collecting, parsing, and presenting data is essential, and as data becomes more important, our credibility as mobility professionals relies on how well we use it. We can’t just say, ‘Trust me, I’ve been in the business for years,’ without any data to back it up. But coming in with experience and data? That’s a powerful position.

Responsive organizations have an operating model that is significantly different from traditional management practices: - thrive in the face of uncertainty - become lean, focused, continuous learning machines - have a bias for action and a tolerance for calculated risks - leverage short opportunity cycles - creates business and products out of simple concepts - Uses evidence-driven judgment to scale, pivot or kill initiatives.

- Agile is king, and companies must create agile business constructs to embrace disruption
- Refocus the organization to be customer centric; to better deliver digital services to customers of today and tomorrow – anytime and anywhere
- Innovation as a strategy; to thrive on innovation, it’s important to invest in many small ‘bets’ using data and learnings to inform continued investment
- Energize the workforce and become a destination employer – today’s business leaders also recognize that their organizations are only as strong as the well-being and motivation of their workforce. Not all change initiatives have to be market- or externally focused.

Are We Ready for the New Workforce?

To build organizations that can change as fast as change itself, the coming workforce is going to look radically different. Workforce consulting firm Randstad says that 61% of employers plan to replace up to 30% of their permanent positions with freelancers, gig workers, and independent contractors to become more agile and flexible in the changing economy.

- 69% of companies surveyed expect the talent gap to create challenges in the near future.
 - Nearly 40% believe they can mitigate its impact with an integrated hiring strategy. Bringing on contingent workers offers several other benefits as well, including:
 - Reduced overhead expenses compared to in-house employees
 - The flexibility to partner with contingent workers on a limited term, per-project basis
 - The ability to tap into a broader pool of talent than that which is available in your geographic area
- This, too, is going to be one of our defining moments as strategists in the mobility industry: finding and using the “human cloud” – that means learning about the emerging set of online/digital marketplaces where talent and those looking to hire talent can find and engage one another in a work arrangement. We’ll become experts at expert at talent mapping v. mobility supply: as analytics aggregation and technology platforms improve, we can assess the global talent supply to fill skills gaps and rely on technology to track where that talent sits.

What About Benefits

And one more piece of the puzzle: tapping into what this Nextgen workforce finds appealing in an employer. The mobility industry gets up close to what people want and need in their work and workplaces, which makes us exceptional advisors for HR issues. One of the things that attract the best talent goes beyond compensation, so companies are enhancing or changing their benefits, and some of the perks that attract the best talent run the gamut from financial to personal to appealing to an individual’s sense of purpose in the world.

- Financial Wellness Programs/401K Or Profit-Sharing Plan Employee financial wellness programs are an increasingly popular work perk. Nearly half (47%) of Americans cannot afford an unexpected \$400 expense, according to a Federal Reserve study. A perk for both employers and employees is the employer match feature on 401(k) plans. It is a great incentive for employees to save and for companies to retain employees. Profit-sharing creates an incentive for all employees, as they are working toward a common goal, which boosts unity since they have a vested interest in the company’s success.
- Comprehensive healthcare Health care is arguably the most important employee benefit.
- Maternity and Paternity leave beyond that required by law According to a Pew Research Study, 27% of employed adults say they have taken a parental, family or medical leave in the

past two years. Additionally, 16% of employed adults reported they needed or wanted to take a leave during the past two years but were unable to do so. Of the 27% who were able to take time off, over half of them say they took less time off than needed because of financial concerns.

- Onsite childcare
- Education subsidies or repayment of student loans
- Virtual or Work-From-Home Policy
- A study by Stanford University concluded that working from home led to a 13% performance increase, work satisfaction and a decrease in job turnover.
- Lifestyle perks like season sports/ski passes; gym memberships; spa services
- Paid time off for community service: Giving back to the community makes people happy. Not only is this going to boost your employees' mood, it's going to make your company and brand look great.

Disruption

We all know what disruption can do to an established company. We've seen the bite that Uber and Lyft have taken out of the taxi business and even the car industry – fewer young people are buying cars, because of the ease and cost-effectiveness of ride-hailing services.

There are some good examples of disruption – and great responses - in our industry. You may have heard Peggy Smith talk about the clever solution that Estonia developed a few years ago. Understanding that this European country doesn't have classic expat appeal, their leaders established the country as a digital nation; the first country ever to offer e-residency. The government-issued digital identity empowers entrepreneurs from anywhere in the world to establish and operation a location-independent business. Today, there are over 30,000 e-residents from 154 countries.

We see Canada bucking nationalist tendencies to speed up rather than slow down immigration. Their Express Entry Canada immigration makes it easy for people to transition to Canada as permanent residents by facilitating skilled worker, trades, or experience class workers. And France's French Tech Visa, or "Passeport Talent," offers a simplified, fast-track procedure for international tech talent to obtain a residence permit.

The point here is this: we have to be ready to redesign and introduce services and assistance that aligns with the companies are moving, and the way younger professionals live and work. It's not going to be easy, but it's not going to go away, either – we have to leverage what's happening out there in the marketplace for the best mobility outcome.

The Future of Mobility

Harkening back to the comment by Jack Immelt about all of our organizations becoming technology companies... Worldwide ERC is there, too.

The industry is changing, the decision-maker is shifting, and Worldwide ERC is changing, too. Global skills shortages, a freelance-powered labor force, evolving needs and preferences of a multigenerational workforce, and the shift to individualization is driving a redesign in the way we serve the industry.

We're applying digital thinking across everything we do—how we appeal to members, how we serve you when you are in our community, and how we keep you interested.

It's about:

- being adaptable to your needs
- customizing information so that you find what you need quickly
- providing rich, unbiased and trustworthy content that helps you do your jobs better
- makes you a stronger strategic partner to your companies and clients
- helps you build skills for the future of mobility. I want to close with a look at our new website – if you haven't been there yet to take a look, I hope this will encourage you to make a visit!