

Elegance Undone: Unanticipated Forces That Can Kill the Model

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Human Talent: The "Incomplete" Risk

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Enterprise Risk Management

- ERM seeks to identify strategic opportunity and to reduce uncertainty.
 - Gain a comprehensive view of risk from both operational and strategic perspectives.
 - Understand the interplay and interaction of risks, both internal and external.
- Determine to avoid, mitigate or transfer.

Human Talent Risk: Traditional View

- Fill a Gap
 - Succession planning or next-in-line assessments
- Corporate Governance
- Moral Hazards
- Labor Actions
- Merger, Acquisition, Divestiture

Human Talent Risk: A Broader View

- Traditional Risks
- Square Pegs
- Critical Talent
- Demographics and Attitudes

Traditional Risks: Mitigation

- Formal Succession Planning
- Next-in-line Assessment and Training
- Key Employee Insurance
- Handcuffs
- Board Committees and SOX
- Ethics Refreshers
- Long-term Contracts

Square Pegs: Avoidance

- Where does the ERM vision take the firm?
- Are the right people in the right jobs?
- How is this determined?
- What actions can you take?

Square Pegs: Identify and Mitigate

- View as a variation on executive assessment.
- Take a blank slate approach.
- Craft the ideal.
- Make the assessment.
- Sand the edges.
- Make the changes.

“A company’s critical talent possesses highly developed skills and deep knowledge – not just of the work itself, but also of ‘how to make things happen’ in the organization.”

- Deloitte Research Study, 2004

Critical Talent

- Who are the people across, up and down the organization that are critical to its future?
- Which people combine the science and the art of business?

Critical Talent: Mitigation

- Determine the cast.
- Understand their motivations and needs.
- Design real opportunities to fully participate.
- Be creative with structure and benefits.

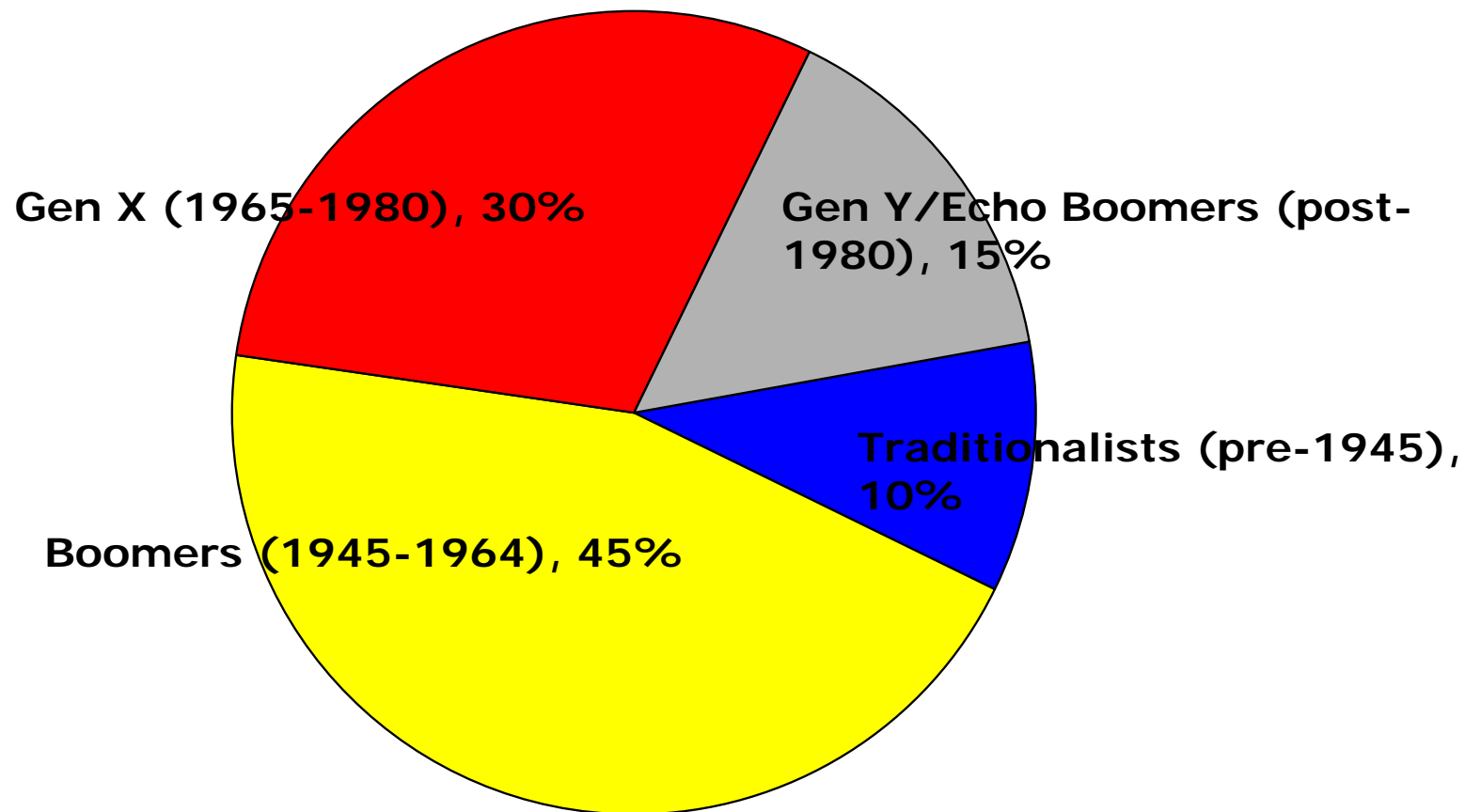
Human Talent Risks

Demographics and Attitudes

- Sheer Force of Numbers
 - Demographics 101
- Generational Attitudes
 - Four Distinct Cohorts

Demographics – The Workforce

Sheer Force of Numbers (2005)



Demographics

Sheer Force of Numbers (2015)

- U.S. population
 - >65, increase 26 percent
 - 40-54, decrease 5 percent
 - 25-30, increase 6 percent
- Where will we find talent?

Generational Attitudes

The Backdrop

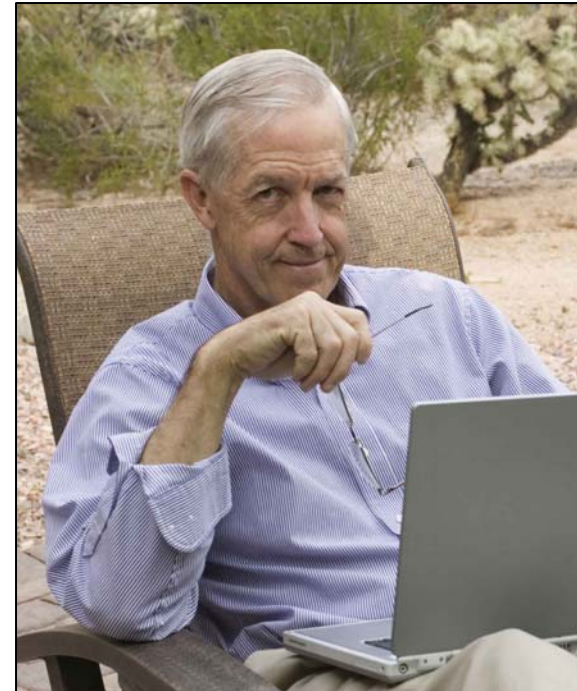
- Traditional company environment
 - Long-term
 - Mutually loyal employer/employee relations
 - Command and control management
- Today's environment
 - "Free agency"
 - Flat
 - Empowered

Generational Attitudes

Four Points of View

Traditionalists

- Hierarchical
- Take charge
- Do the right thing



Generational Attitudes

Four Points of View

Boomers

- Optimistic and confident
- Free expression
- Seek consensus
- Anti-authoritarianism
- Baffled by downsizing

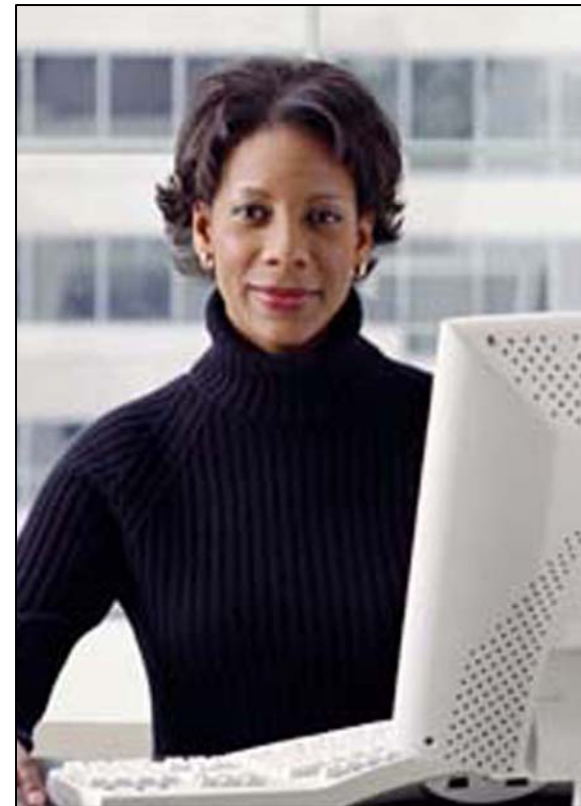


Generational Attitudes

Four Points of View

Gen X

- Latchkey
- Tech boom
- Low social skills
- High tech skills
- Individualistic
- Lack loyalty
- Work/life balance



Generational Attitudes

Four Points of View

Gen Y

- Affluent, but uncertain
- Violent environment
- Strong morality
- Patriotic
- Sociable
- Value home and family
- High-tech
- Driven to succeed
- Can-do



Generational Attitudes: Mitigation Strategies

- Fully understand your workplace and its players.
- Recognize that there is no such thing as one-size-fits-all.
- Consider organizational or managerial changes.
- Separate the science from the art.
- Consider project colonies and intergenerational pairings.

Final Thoughts

- The human dimension is complex and elusive.
- It must be approached with discipline and rigor.
- It is not a one-time exercise; it must be dynamic and continuous.
- Elevate the human dimension to Board and C-level.
- Talent is the real fuel that drives your company.