

BOOST EMPLOYEE ENGAGEMENT

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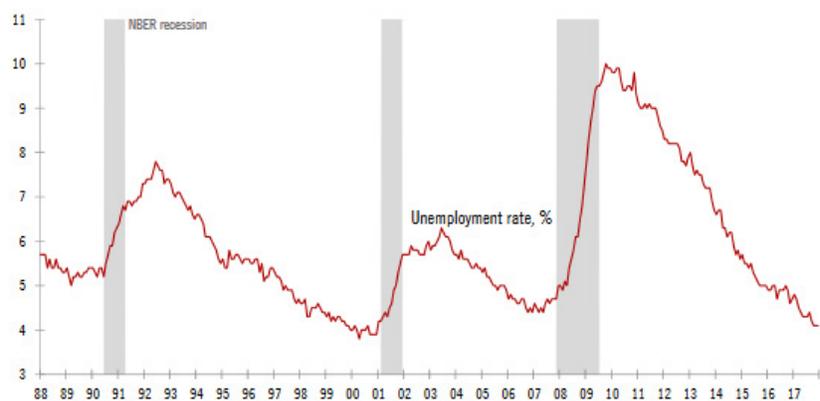
Mike has been serving HR community for over 30 years. As a Boston based partner with Lockton, he is focused on helping employers implement solutions for Work of the Future through SMAC Technology (Social, Mobile, AI & Cloud), Engagement, HCM, Talent & Benefits. In addition, he brings expertise to bear in the following areas;

- Strategy development
- Cost reduction, spend optimization and ROI
- Communications
- HR Technology analysis, review, optimization and implementation
- Consumerism and wellness strategies, including outcomes-based incentive designs
- Complex plan mergers/acquisitions/divestitures/integrations
- Private and public exchanges
- International benefits
- Financial/funding analysis and cost management
- Plan design and contribution strategies
- Pharmacy analysis
- Performance audits
- Health reform implications
- Executive benefits and voluntary benefits consulting

Bolster Employee Engagement through Optimized Benefits and HR Technologies

According to the Bureau of Labor Statistics in June 2018, the U.S. unemployment rate fell to 3.8%. The U.S. economy hasn't seen that level of employment since April 2000, and prior to that, 1969. Although unemployment increased slightly in July, economists report that there are more open positions in the United States than there are qualified workers to fill them. With a strong economy, the pressures on Human Resources to find and keep qualified talent while managing compensation, benefits and employee engagement are at an all-time high.

Chart 7: US unemployment rate, %



Source: Fictet WM – AA&MR, Thomson Reuters.

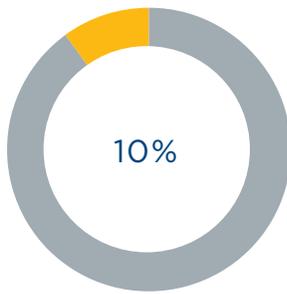
Maintaining high levels of employee engagement, competing for top talent, and managing the needs of a multi-generational workforce are not new challenges to the HR community. While all are important, employee engagement is the most vital.

The Value of an Engaged Employee

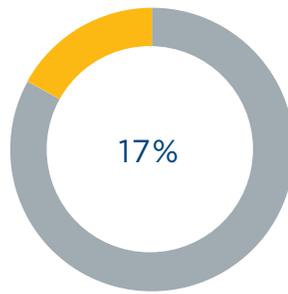
What is the impact of engagement? “Engaged employees” feel pride in their workplace and are proactive in sharing the organization’s reputation, interests, values, and direction in a positive way. While that is beneficial from an employment branding perspective, engaged employees also put more effort into excelling in their work, making engagement vital to the success of the organization as a whole.

For instance, according to the Gallup 2016 Meta-Analysis on Engagement in the Workforce study, employers in the top quartile of engaged employees outperformed their peers in customer satisfaction, productivity, and overall profitability, while also reducing a number of negative performance areas, such as absenteeism, workplace accidents, and turnover.

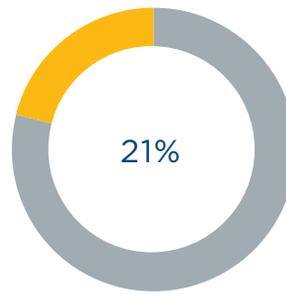
Outperformed peers by:



Customer Ratings

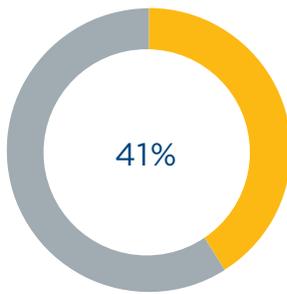


Productivity

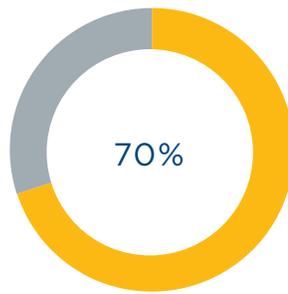


Profitability

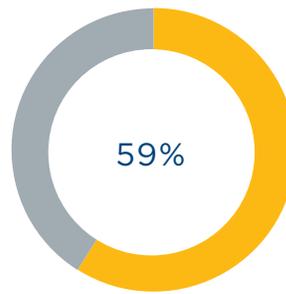
Experience significantly lower:



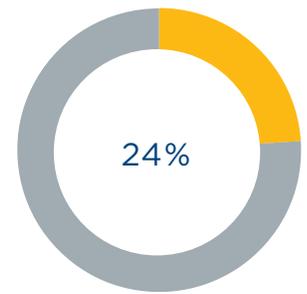
Absenteeism



Safety Incidents



Turnover in Low Turnover



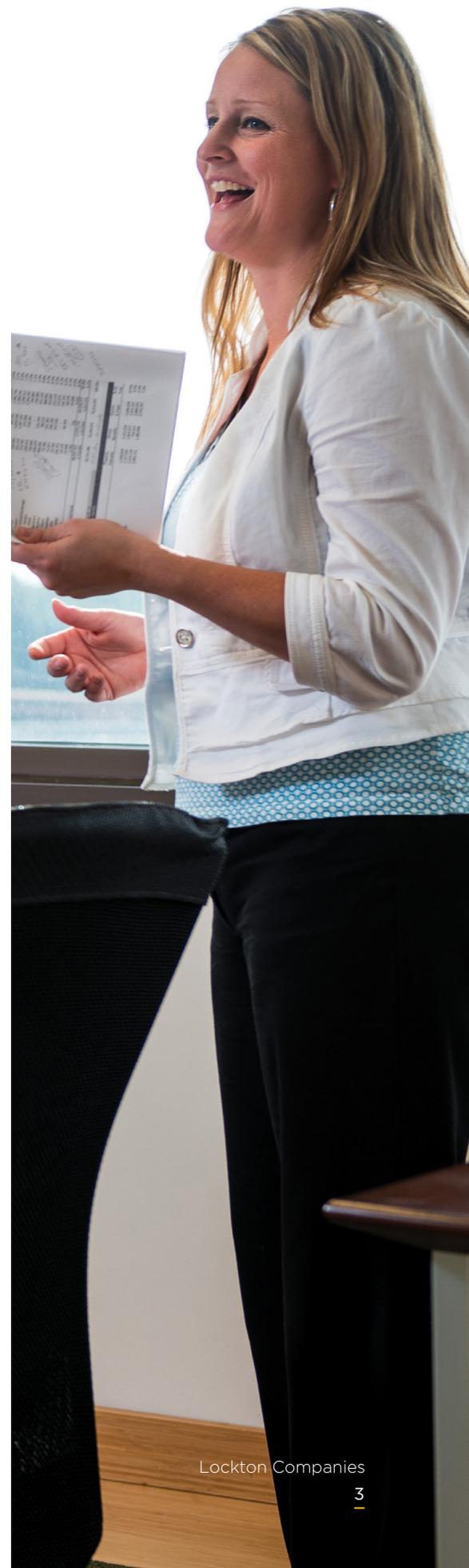
Turnover in High Turnover Organizations

The 2016 Employee Experience Index, co-sponsored by IBM's Smarter Workforce Institute and the Globoforce Research Institute, found that "More positive employee experiences are linked to better performance, extra effort at work and lower turnover intentions." This confirms that engagement and positive employee experiences are powerful tools, especially in a tight labor and talent market.

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The Employee Experience Index also states that we are entering the "cognitive era" in which "machines are able to learn, reason and interact with humans naturally, the boundaries between people and technology become blurred. Rather than diminishing the role of people, in the cognitive era people are at the forefront of working with and realizing the benefits from new technologies to achieve more than was ever possible before." This makes the interplay of technology and work emerge as an important driver of engagement.

[Globoforce Employee Experience Index](#)



The Ease-of-Use Equation

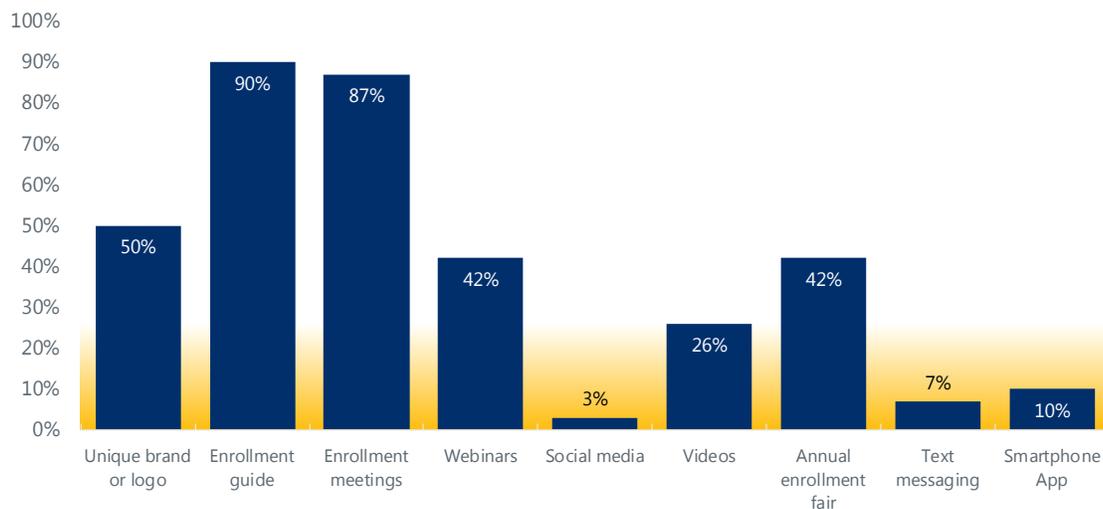
Employees are looking for employers that provide the same ease of use for applications that they have in their personal lives, whether related to healthcare, employee benefits, surveys, feedback, payroll, retirement or expenses. They expect that submitting expenses or asking for time off is as easy and mobile-friendly as using email, Facebook, Yelp et al. While most employers use a centralized HR and Payroll process, and 72% of companies employ online HR communications and services regarding benefits, Lockton’s 2018 Northeast Survey of Benefits Strategies and Trends shows trailing participation of organizations leveraging social media tools.

This is a gap that employers should close. In its 2017 study, “Employee Experience Reimagined”, Accenture stresses that employee experience is on par with customer experience and it is “the new battleground for competitive advantage.” For instance, companies with great employee experiences outperform the S&P 500 by 122%. The authors state “As the lines between professional and personal lives blur, employees increasingly want the relevant, convenient and engaging experiences they have outside of work to be replicated on the job.”

[Accenture Study](#)

Communications

Components of communication strategy (OE only and Year Round)



- Market still relies heavily on traditional communication mediums
- Limited penetration of enhanced communication strategies

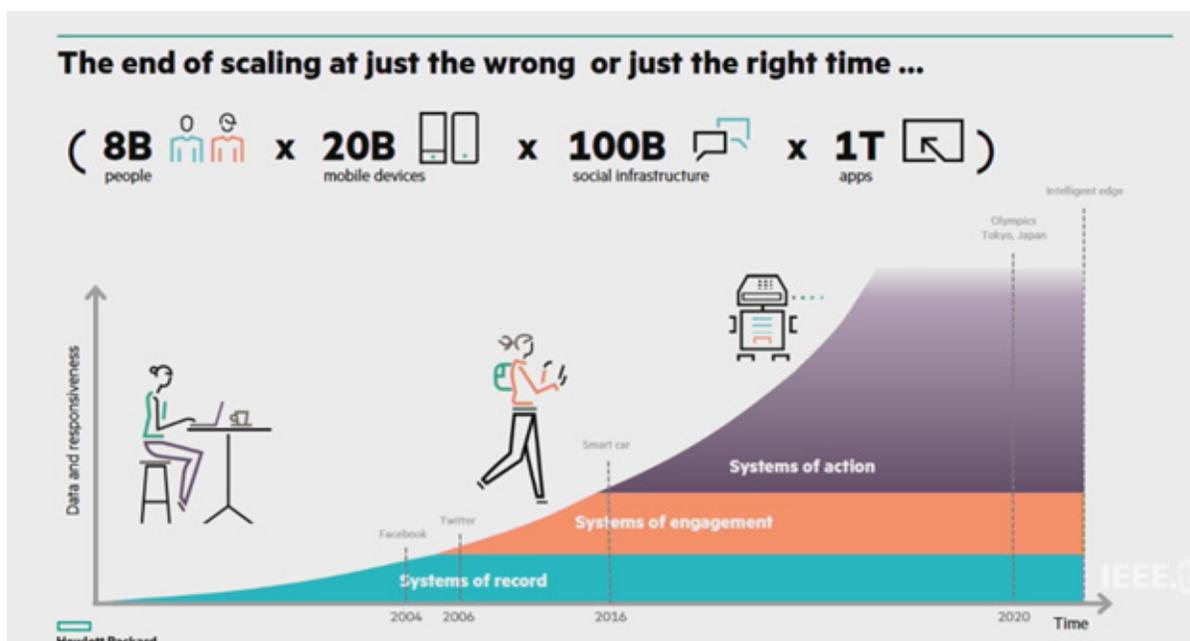
As the previous chart shows, only 3% of companies surveyed by Lockton use social media as part of their communication strategy, and only 7% use text messaging. Yet numerous studies have shown that the average number of texts sent and received by Millennials is 181 per day. Clearly, an opportunity exists for increased communication and engagement through expanded use of technology, including social media.

As further evidence that an employer’s technology investment is directly tied to positive employee experiences and engagement, Uncovering the Positive Drivers of Employee Experience, from Ultimate Software and The Center for Generational Kinetics, illustrates the impact of modern technology on employee satisfaction and retention through two statistics:

1. 92% of employees say that having the technology necessary to do their job affects their level of satisfaction at work.
2. One in three workers would quit their job if the technology used by the company is outdated or slows them down

[Ultimate Survey](#)

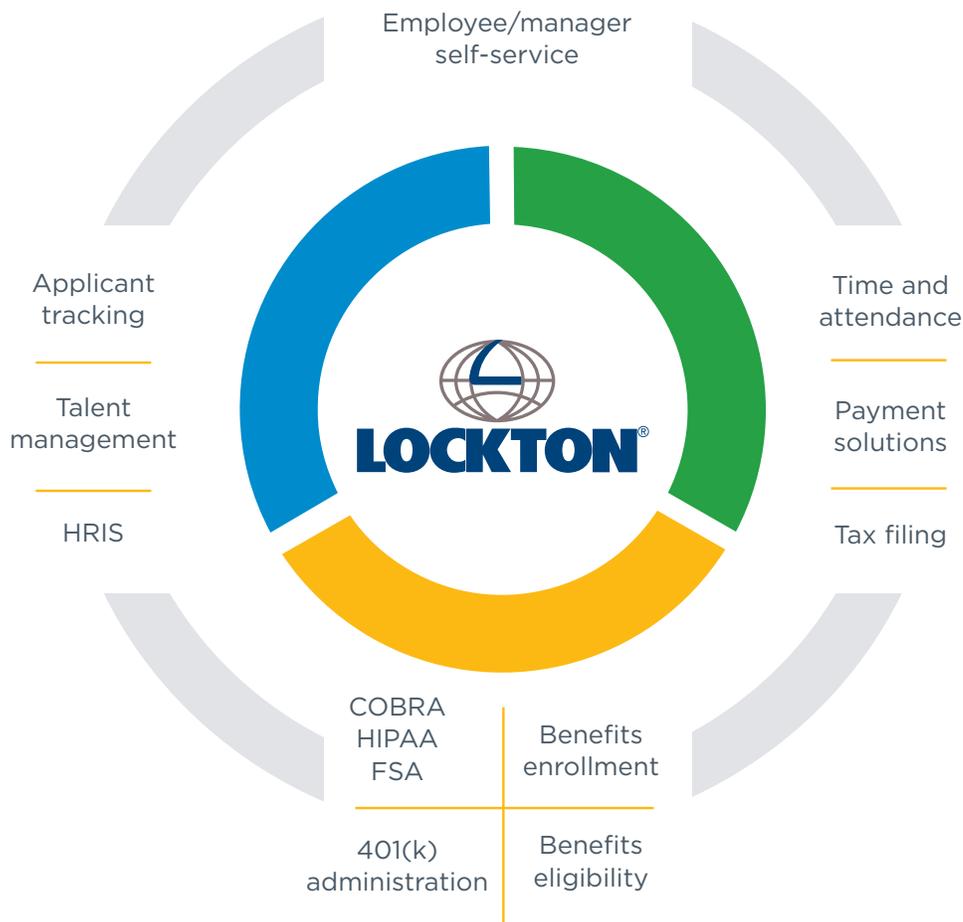
Given today’s pressures to attract and retain talent in a low-unemployment environment, employers need to address not only the technology needs of their people across the full spectrum of work – including HR, benefits, payroll, and talent systems – but their “wants” as well. And since technology usage is accelerating (see below) employers need to plan and implement technology that enables HR and employees in a strategic, consistent and continuous fashion.



So Much Technology, So Little Time

2017 studies from Bersin & Associates and CB Insights pegged the addressable U.S. market for HR technology at \$14 billion. By 2021 it will surpass \$22 billion. The number of vendors — fueled by innovation, the cloud, and ready access to capital — has exploded over the past five years. Such is the growth that HR teams can't keep their resources up to date, manage their current responsibilities, and plan for the future without assistance.

Lockton has long recognized the need to support clients and their HR technology needs. Over the past decade, the Lockton HR Tech team has helped hundreds of clients across the United States assess, evaluate and implement technology solutions. In 2017, Lockton HR Tech's Net Promoter Score® was 77 while the industry average for other business consulting firms was 30.



Five Technology Questions for HR:

- Are your HR technology systems helping or hurting your employee engagement?
- Are they current, accessible, mobile and utilized by your people?
- Do they embrace the cognitive era?
- Is your current broker or consultant equipped to assist with HR technology assessment and implementation?
- Does your broker or consultant have deep experience with the variety of vendors across the HR technology space?

The areas where Lockton’s HR Tech team assists clients fall into two main categories:

1. Maximizing clients’ existing systems and;
2. Finding new technology options to improve efficiency and effectiveness.

Our Menu of Services

Situational Analysis	Utilization Review	Contracting Assistance	Vendor Management
What are you currently doing? How can we apply best practices to make your work more efficient?	Are you getting the most out of current HR, Benefits and payroll system(s)?	How do you know what terms are standard? Can you get guaranteed SLAs?	How can you keep your vendors accountable for delivering on their promises?

Lockton offers value in several ways:

- We are an objective advisor.

Lockton is 100 percent vendor and solution neutral. We work with all technology vendors and solutions in the marketplace to find the ideal fit for your organization.

- We are a solution matchmaker.

Our years of industry experience give employers an insider’s perspective on vendors, as well as insight into which practices best fit their long-term needs.

- We can be your project manager.

If needed, Lockton can be the project manager for your team and advocate on your behalf during vendor selection and implementation. We will keep your resources on track to ensure go-live success either in a project oversight or full-blown project management capacity.

[HR Technology White Paper — Brad Mandacina](#)

In this robust economy, employers can expect to continue to face pressures regarding compensation, benefits and, more importantly, employee engagement over the next several years. Employee engagement is key to driving business growth and can be supported in many ways, including deployment of HR technology. The inverse is also true - a lack of usable technology will lead to disengagement and turnover. Finally, the HR technology market is vast and growing at a robust pace.

If you are interested in creating a roadmap or a taking additional steps toward digital HR innovation and better employee engagement, we suggest the following from Deloitte's 2017 Global Human Capital Trends as a good start.

Steps of Digital HR Innovation

- Redefine your mission. Become familiar with networked organization structures, organizational network analysis and digital leadership models.
- Upgrade core technology. Replace legacy systems with an integrated cloud platform.
- Develop a multiyear HR technology strategy. Use cloud enterprise resources (ERP) platforms, apps, analytics and tools for AI, case management and other solutions.
- Build a digital HR team. Evaluate new vendor solutions, build others and consider AI solutions.
- Organize HR into networks of expertise with strong business partners. Focus your efforts on the employee experience, analytics, culture, learning and the like.
- Make innovation a core strategy within HR. Reinvent and innovate in every people practice.
- Rotate more Millennials into Human Resources.

To find out more about Lockton, please visit us at www.lockton.com

RESOURCES

[Globoforce Employee Experience Index](#)

[Ultimate Survey](#)

[Accenture Study](#)

[HR Technology White Paper — Brad Mandacina](#)

RISK MANAGEMENT • EMPLOYEE BENEFITS • RETIREMENT SERVICES

Our Mission | To be the worldwide value and service leader in insurance brokerage, risk management, employee benefits and retirement services

Our Goal | To be the best place to do business and to work

