THE FUTURE OF THE WORKFORCE

HOW SMALL BUSINESSES CAN MEET THE NEEDS OF THE WORKERS OF TOMORROW TODAY

INSIGHTS FROM THE NORTHSIDE INNOVATION COMMUNITY
FUTURE READY WHITEPAPERS | NORTHSIDE INNOVATION

Northside Innovation Meetups gather small business owners and entrepreneurs to deep dive into one forward-thinking theme. The meetup series was born out of the annual Northside Festival, Brooklyn's premiere Music, Content & Innovation festival. Now, in partnership with Dell & Microsoft, monthly meetups are held in NYC, Miami, Chicago, LA and Austin.

THE EVOLVING WORKFORCE

Consider this: every single day 10,000 Baby Boomers retire.[1] Millennials, those born between 1980 and 2000, are already the largest generation in the United States workforce.[2] What's more, by 2025 they will make up 75% of the workforce.[3]

And what do these workers value? Millennials place a high priority on workplace culture. They want the environment to emphasize teamwork and community.[4] They care about contributing to society.[5] They're digital-natives who greatly value flexibility in the workforce so they can manage personal and professional lives without damaging either.[6]

As U.S. industries lose almost $300 billion every year in employee absenteeism, turnover, reduced productivity and other costs directly related to stress,[7] entrepreneurs and small business owners would do well to consider what younger workers care about, and what they can do to provide it.

COMPANIES THAT ADAPT TO THE CHANGING NEEDS OF THE WORKFORCE WILL BE BEST SUITED TO ATTRACT AND RETAIN THE BEST WORKERS.

[1] Social Security Administration, 2012
[2] Pew
[3] USAToday.com, 5 April 2015

[4] USAToday.com, 5 April 2015
[5] What Millenials Want
[6] Strategy + Business
[7] American Institute Of Stress

BEYOND MONEY: HOW CULTURE & TECH ATTRACT YOUNGER EMPLOYEES

How much do millennials value work-life balance? A study by PwC found that the majority of millennials are unwilling to commit to making their job an exclusive priority, even with the promise of substantial compensation down the line.[8]

> "A lot of millennials are saying, 'If you're going to demand of me that I work really hard, it's going to really have to be worth my while.' If companies can't deliver on that, many millennials are happy to say, 'that's okay – I'll stick with a little bit less and be happier with a balance." – Alec Levenson, Center for Effective Organizations, Marshall School of Business, USC, and co-author of What Millennials Want From Work

So how do companies attract millennials? Millennials don't separate work and life, so flexibility at work matters. It's also an opportunity for employers to tailor rewards that ensure their younger workers' lives aren't all about work. Doing just that, a number of companies have popped up that incentivize workers to win experiences, like skydiving, instead of cash.[9]

[8] PwC
[9] USA Today

Technology has become an essential aspect of workplace flexibility, with thin and mobile devices like the **Dell Latitude 12 7000 Series 2-in-1**, freeing employees to get their work done virtually anywhere. Yes, this "always-on" environment often means employees are working during personal time, but it also can enable employees to incorporate personal time into traditional work hours as needed.[10]

CAN TECHNOLOGY ATTRACT TALENT?

59%
OF MILLENNIALS REPORT STATE-OF-THE-ART TECH IS IMPORTANT WHEN CONSIDERING A JOB[11]

41%
OF WORKERS IN DEVELOPED NATIONS SAID HAVING THE LATEST, GREATEST TECH IS VERY IMPORTANT[12]

82%
OF WORKERS IN EMERGING MARKETS SAID HAVING THE LATEST, GREATEST TECH IS VERY IMPORTANT[12]

Workers want technology that's fast, simple, and mobile-friendly. For example, when it comes to business software, almost half of millennials expect to be able to complete key transactions from a tablet or mobile device.[13] Given these expectations, it's no surprise to see operating platforms, like Windows 10, that are optimizing experience as users transition across devices.

> *"There's a huge war for talent, especially when you look at tech or media, and the idea of coming to a place that really has a cool factor and aligns with millennials' lifestyles is really important"* Christopher Coldoff, Principal at Gensler

What's next for tech in the office? It could be wearables. Companies like BP have found success giving employees wearable tech, helping them get healthier and helping the company save money.[14] And the employees who may be most willing to embrace these technologies seem to be the youngest – one recent study found that 71% of 16 to 24 year olds want wearable tech.[15]

[10] Entrepreneur, 2015
[11] PwC Millennials at Work
[12] Dell Global Workforce Study
[13] Net Suite
[14] BP Case Study
[15] Forbes, 2014

And what about money? Millennials, many of whom feel the burden of student loans and came of age during the recession, definitely care. However, it isn't their only consideration. For example, many are willing to forego salary for greater stability and rewards down the line.[16]

> *"You need to understand who you're working with and what they're going to respond to so you're able to tailor the reward that you give. Usually it's a combination of a thank you that might mean something materially to them and experiences that can't be expressed in monetary terms." – Alec Levenson, Center for Effective Organizations, Marshall School of Business, USC, and co-author of What Millennials Want From Work*

INCREASINGLY, SALARY ISN'T ENOUGH TO MAKE UP FOR A SUBPAR WORK ENVIRONMENT — BUSINESSES NEED TO INVEST IN CULTURE AND TECHNOLOGY, AND REWARD YOUNG EMPLOYEES APPROPRIATELY TO ATTRACT AND KEEP THE BEST ONES.

SPACES THAT WORK FOR EMPLOYEES WORK FOR EMPLOYERS

Workplace design can improve overall productivity by as much as 12.5 percent or reduce it by as much as 17 percent, a 30 percent difference between employee performance in the best and worst surroundings.[17]

"You can gauge what a company is about and how they feel about their people by the design of their space." – Christopher Coldoff, Principal at Gensler

Of course, not all employees agree on the best workplace design.

WHAT MAKES A WORKSPACE MOST PRODUCTIVE?

28%
SAID PLACES TO GATHER AND COLLABORATE[18]

30%
SAID PRIVATE SPACES FOR FOCUSED WORK[18]

30%
SAID VISUAL PARTITIONING TO PREVENT DISTRACTIONS[18]

[17] HOK Thought Leadership
[18] Robert Walters Whitepaper

> "What's important is not the generation you're from – what matters is the kind of work you have to do and the kind of personality you have – whether you like working in an open space more than working quietly and on your own." – Alec Levenson, Center for Effective Organizations, Marshall School of Business, USC, and co-author of What Millennials Want From Work

Varied layouts, with both secluded and open spaces, can solve many of these issues. And with technology enabling many (if not most) workers to operate with nothing more than a laptop and phone, activity-based work environments that shun assigned workstations are becoming increasingly popular. These activity-based environments can increase the utilization of a space while reducing its overall real-estate footprint.[19]

> "There's been a big backlash against totally open work environments. There's been a real return to a focus on focus work, and on finding the right strategy, the right combination of spaces, to give variety and choice, not just going with all open workstations and hoping for the best." – Christopher Coldoff, Principal at Gensler

Meanwhile, with research showing that chance encounters between workers improve performance[20], workplace design should consider how employees can "bump" into each other as often as possible. This goes even for remote workers – employers can (and should!) set up virtual spaces to facilitate virtual collisions.

WORK-SPACE PREFERENCES ARE INDIVIDUAL, NOT PURELY GENERATIONAL, SO VARYING THE LAYOUT OF YOUR SPACE IS A MUST IN ORDER TO MEET THE NEEDS OF A WIDE RANGE OF PERSONALITY TYPES.

[19] Gensler 2015 Design Forecast
[20] Harvard Business Review 2014

FLEXIBILITY IS THE FUTURE

More than half of all HR professionals cite flexibility as the most effective way to attract new talent.[21] Maybe that's because employees who enjoy flexible schedules appear to be happier – in a recent study, 60 percent of employees with high access to flexibility reported being very satisfied with their jobs, compared with only 22 percent of those with low access.[22]

As technology enables more employees to work remotely, and with more workers craving flexible work arrangements, a third of businesses said they expect half of their full-time workforce to be working remotely by 2020.[23] Still, working remotely isn't without challenges, for employee or employer.

"For some people, working from home just doesn't really work. It seems like a great theory but it ends up being distracting." - Ted Seiving, CEO of WE Labs

[21] Society for Human Resource Management, 2010
[22] Brookings, 2011
[23] Fast Company, 2014

One way a growing number of remote workers are increasing their productivity and happiness is through coworking, where individuals of different disciplines share a work environment.

COWORKING BY THE NUMBERS

68%
WERE ABLE TO
FOCUS BETTER
WHILE COWORKING[24]

70%
FELT HEALTHIER THAN THEY DID
WORKING IN A TRADITIONAL
OFFICE SETTING[24]

91%
HAVE BETTER INTERACTIONS
WITH OTHERS AFTER
COWORKING[24]

"It's easy when you're in a big institution to have groupthink. In an environment like coworking, as you're interacting with people who may have a totally different perspective that you, it can be a lot easier to start thinking outside the box." – Ted Seiving, CEO of WE Labs

For employers, getting the most out of remote workers has never been more critical. Often, this requires using technology to facilitate coordination.[25] For example, software that allows simultaneous collaboration on documents, like Office 365, can help keep everybody on the same page throughout projects.

ALLOWING FOR FLEXIBLE WORK SCHEDULES CAN HELP EMPLOYERS ATTRACT TOP TALENT. ONCE IMPLEMENTED, BOTH EMPLOYERS AND EMPLOYEES NEED TO CONSIDER THE TECHNOLOGY, PROCESSES, AND WORKSPACES THAT WILL MAKE REMOTE WORK ACTUALLY WORK.

[24] Desk Mag Global Survey
[25] Harvard Business Review 2014

THE FUTURE OF THE WORKFORCE

- MILLENNIALS NOW REPRESENT THE LARGEST GENERATION IN THE WORKFORCE

- THERE IS NO SEPARATION BETWEEN WORK AND LIFE FOR THESE YOUNGER WORKERS

- REWARDS AT WORK SHOULD BE TAILORED TO WHAT WILL MOTIVATE THE INDIVIDUAL

- STATE-OF-THE-ART TECH ENABLES FLEXIBILITY AND CAN BE A MAGNET FOR TALENT

- THE BEST WORKPLACE DESIGN ACCOMMODATES FOR VARIED PREFERENCES

- CHANCE ENCOUNTERS AT WORK CAN STIMULATE PRODUCTIVITY

- EMPLOYERS WHO OFFER FLEXIBILITY ARE HIGHLY ATTRACTIVE TO TODAY'S WORKERS

- REMOTE WORKERS CAN BENEFIT FROM OPERATING AT A COWORKING SPACE

- TECH HELPS EMPLOYERS COMMUNICATE AND COORDINATE WITH REMOTE WORKERS

"MILLENNIALS WANT TO AND ARE WILLING TO WORK AT THE SAME COMPANY FOR LONG PERIODS OF TIME BECAUSE THEY KNOW THE BENEFITS THEY'LL GET FROM IT, IN TERMS OF CAREER PROSPECTS AND MOVING UP, BUT THEY'RE ALSO READY TO WALK OUT THE DOOR IF THEIR NEEDS ARE NOT MET."

Alec Levenson, Center for Effective Organizations, Marshall School of Business, USC, and co-author of What Millennials Want From Work