

# Transform human capital

## A need for speed—and creed—in people priorities

*In a year where innovating swiftly is table stakes, US CEOs are focused on who'll set the table. Talent strategies are top of mind in a world where skills are scarce, and everything from succession planning to culture is up for a revamp.*

*The CEOs we spoke to are responding with gumption. Here's our take on the moves they're making to transform human capital for 2016.*

### Hiring strategically to keep up

This year, headcount is slotted to go up for 47% of US CEOs (and for 48% of CEOs globally). It's a pertinent response to their worries around their readiness for fast technological change. Also on their talent strategy to-do list? A focus on skills and adaptability of their workforce. A quarter of US CEOs (26%) believe this will make the greatest impact on attracting, retaining, and engaging the people they need.

Tech advancements don't mean CEOs forget what matters most: "Even with all the new technology, people skills are actually more important now," said Brian Moynihan, CEO of Bank of America Corporation.

### For US CEOs, tech speed and different demographics trigger talent changes

How concerned are you, if at all, about...

Speed of technological change?



% somewhat or extremely concerned

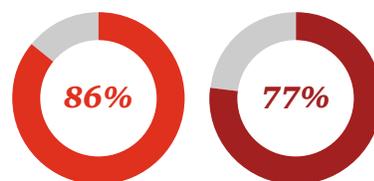
Availability of key skills?



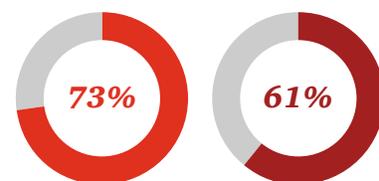
% somewhat or extremely concerned

What are the top three global trends which you believe will be most likely to transform wider stakeholder expectations of businesses within your sector over the next five years?

Technological change?



Demographic shifts?



● US ● Global

Base: 1,409 CEOs worldwide; 97 US CEOs  
Source: PwC, 2016 US CEO Survey, January 2016

*“Companies need to rethink skills for the future, and how to retain their valuable resources, because the disruption to people is going to be dramatic. Many jobs will be destroyed, so companies have to create more jobs.”*

John Chambers, executive chairman of the board, Cisco Systems, Inc.

### **Prepping a pipeline of future leaders**

John J Christmann, CEO of Apache Corp., said his company is preparing leaders to step into roles at earlier ages, and aims “to have two to three candidates ready for every key position, and two to three folks in training to take their jobs.” For Mark Mondello, CEO at Jabil, his company challenges itself to make sure they’re hiring enough young talent to lead in the future. At Bloomin’ Brands, CEO Liz Smith said the first thing she looks for, whether hiring in R&D or in finance, is a nimble leader.

The focus on readying employees to lead and inspire stronger performance is a common theme, especially in the US. Sixty-five percent of US CEOs say they’re changing how they develop their leadership pipeline, compared to 49% globally. Business leaders prioritize succession planning as millennials come of age amid a rise in retirements. And they acknowledge the mixology needed in that pipeline. Today, US CEOs told us diversity means sourcing different kinds of people and skills—from boomers to millennials, from inside the industry to outside it, and from introverts to extroverts.

### **Creating a culture of credence**

US CEOs this year are emphasizing the purpose-driven organization—one where employees will want to stick around.

Most business leaders (82% in the US and 90% worldwide) say they’re making changes in response to evolving expectations around workforce rights and wellbeing. For a majority of US CEOs (61%) this will include new strategies on how they cultivate the workplace culture and behaviors needed to grow the business.

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### **Workplace values to matter more than pay**

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% US CEOs who agree that top talent prefer to work for organizations...

With social values aligned to their own      That provide competitive compensation



Q: Thinking about the wider stakeholder expectations you see, which of these statements best describes your organization today?

Q: And which of these statements best describes successful organizations in your sector in five years' time?

Base: 97 US CEOs, including 'don't know' responses

Source: PwC, 2016 US CEO Survey, January 2016

This focus on the softer stuff makes sense in light of CEOs' understanding that today's high-performing employees aren't strictly looking at compensation to decide where to work. A brand's social values matter more than ever, and perhaps more so in the future, to accelerate people's potential.

### ***The takeaway***

**Lead with care.** The US CEOs we spoke to emphasized transparency and honesty, and their responses show they recognize that top talent cares about these tenets. As Bill Emerson, CEO of Quicken Loans, said, "Do what you love, and numbers and money will follow. Don't chase numbers and money." Propel ahead by engaging and energizing your people to continually improve the way they think and work.

**Take the reins to fill the skills gap.** As just 15% of US business leaders find government has been effective in achieving a skilled, educated, and adaptable workforce, it's on businesses to seek out solutions. Consider how you can edit your organization's cultures, values, and compensation packages to create an environment that is both competitive and aligned with top talent's passions. Attract and motivate the right talent with a system of rewards designed for your business objectives.

**Explore people analytics.** Of all the changes US CEOs are making to attract and engage people, predictive workforce analytics aren't a top priority right now—just 5% named this an area of talent strategy where changes would make the greatest impact. Yet to successfully fill the leadership pipeline and build effective teams, people analytics are increasingly a crucial part of decision making.

### ***Contact us:***

**Jeff Hesse**

*Co-leader, US People and Organization*  
+1 312 298 6881

**Scott Olsen**

*Co-leader, US People and Organization*  
+1 646 471 0651