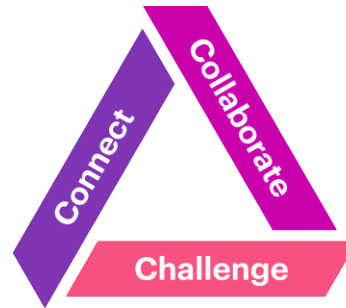


Leaping into 2024

Unlocking the Future of Talent: Total Rewards,
AI, and Data-Driven Strategies

Thursday, February 15
9:15 a.m. – 10:15 a.m.





What percentage of employees are
living paycheck to paycheck?

61%

8 in 10 are earning less than \$50,000

4 in 10 high-income earning more than \$100,000



What was the average turnover rate
in 2023?

3.8%



Percentage of employees
who want to come into the office?

41%

Percentage of college grads
who want to come into the office?

77%

Source



How many text message are sent in one year?

8.4 trillion

How many daily users of Snapchat?

397 million - 5 billion Snaps per day

[Source](#)

[Source](#)

When thinking about AI, what is the way most Americans interact with this technology?

1. Wearable Watch
2. Chatbot to answer questions
3. Product recommendations on previous purchases
4. Security camera to alert you to a person at your door
5. Music playlist

Source

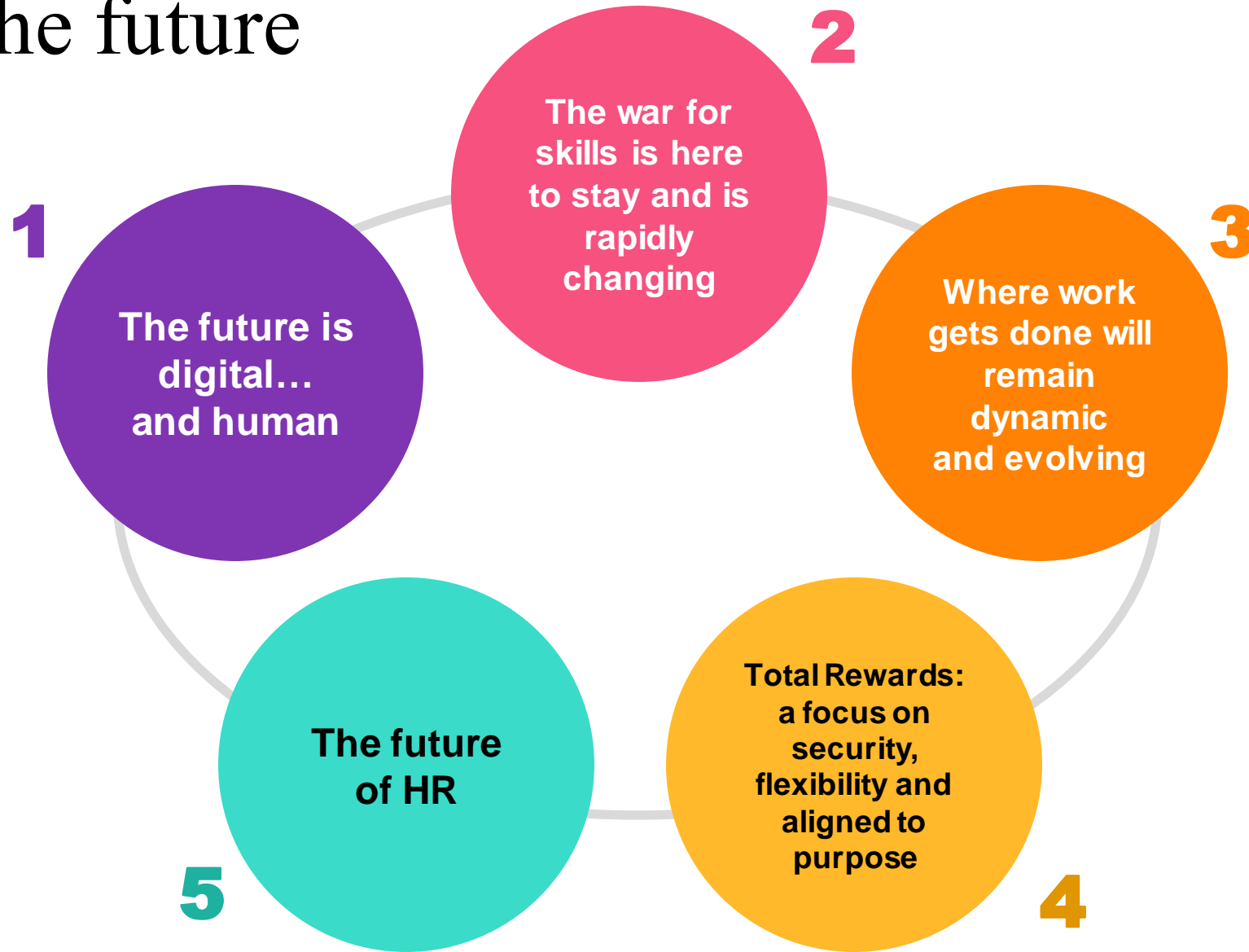
So now the big question is...

...where to from here?

The Future
isn't coming...
It's here



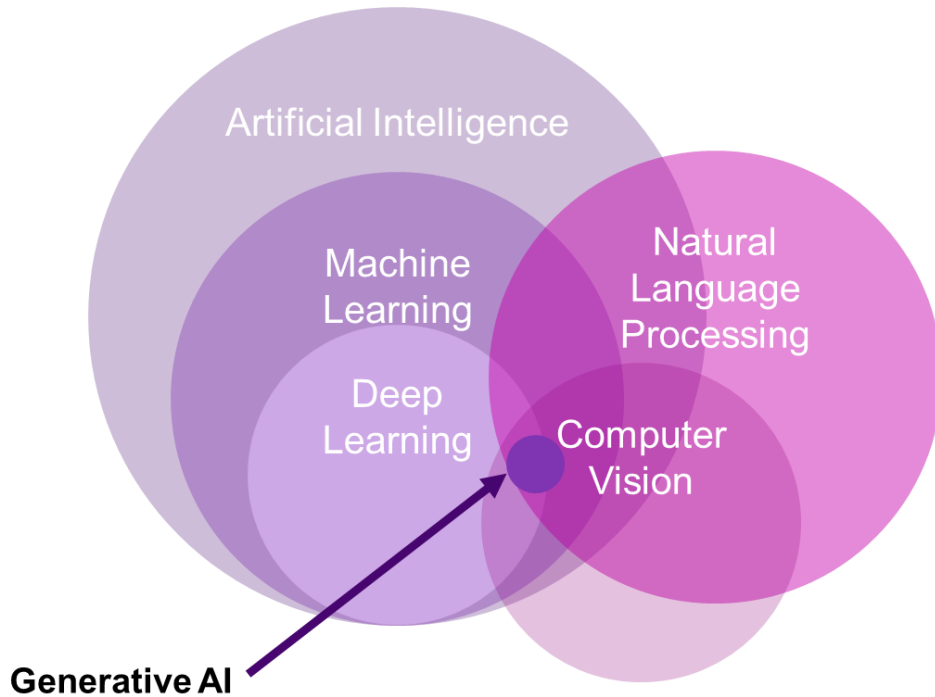
Here's to the future



Future Trend #1

The future is *digital...and human*

What we mean by AI and where generative AI fits



- **Artificial Intelligence** – the ability of a computer to perform tasks that normally require human intelligence, e.g. fraud detection
- **Machine Learning** – a branch of AI that uses data and algorithms to enable a computer to learn from its own experience and improve its performance, e.g., personalized product recommendations
- **Deep Learning** – a subfield of machine learning that uses artificial neural networks with multiple layers to learn from large amounts of data and perform complex tasks, e.g., automated translations
- **Natural Language Processing** – a subfield of AI and machine learning focused on the interaction between computers and human languages, e.g. text analytics
- **Computer Vision** – a subfield of AI and machine learning that allows computers to process visual information, e.g., self-driving cars
- **Generative AI** – a subfield of AI and ML that uses deep learning models to create new data or content that resembles the original data or content, e.g., ChatGPT, Stable Diffusion, DALL-E

Definitions above generated with help from Microsoft's Bing chatbot

Source: <https://www.appypie.com/blog/what-are-large-language-models>

I asked Chat GPT4

How can Generative AI help HR leaders?



Generative AI can significantly help HR leaders in various aspects of their work, streamlining processes, enhancing decision-making, and providing valuable insights.

Here are some ways generative AI can be applied:

- **Recruitment and talent acquisition:** AI can analyze resumes, job descriptions, and candidate profiles to identify the best match for a position. It can also help in drafting job descriptions, creating more inclusive and engaging language to attract a diverse pool of candidates.
- **Personalized onboarding:** AI can create customized onboarding materials for new hires, tailoring the content to the specific needs and preferences of each individual, making the onboarding process more efficient and engaging.
- **Employee engagement and feedback:** AI can analyze employee feedback from surveys or other channels, identifying trends, and generating insights for HR leaders to act upon. It can also assist in creating personalized employee engagement initiatives.
- **Training and development:** Generative AI can help in designing personalized training content and identifying skill gaps, allowing HR leaders to offer targeted professional development opportunities to their employees.
- **Performance management:** AI can help in creating unbiased performance evaluations by analyzing employee performance data and generating insights on strengths, weaknesses, and areas for improvement.

Source: ChatGPT4 (Open AI)

I asked Chat GPT4 (cont.)

How can Generative AI help HR leaders?



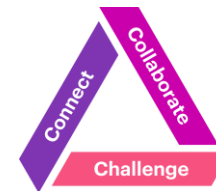
- **Retention and succession planning:** AI can analyze employee data to identify flight risks and high-potential employees, enabling HR leaders to implement targeted retention strategies and succession planning.
- **Diversity and inclusion:** AI can help in identifying unconscious bias in recruitment, promotions, and performance evaluations, assisting HR leaders in creating a more diverse and inclusive work environment.
- **HR chatbots and virtual assistants:** AI-powered chatbots can assist employees with their HR-related queries, providing instant support and reducing the workload for HR teams.
- **Predictive analytics:** Generative AI can analyze large datasets to predict trends and patterns, allowing HR leaders to make data-driven decisions on hiring, resource allocation, and workforce planning.
- **Legal and compliance:** AI can help HR leaders stay up-to-date with the latest labor laws, regulations, and best practices, ensuring the organization remains compliant.

Overall, generative AI can support HR leaders by automating repetitive tasks, providing data-driven insights, enhancing decision-making, and improving the overall employee experience.

Source: ChatGPT4 (Open AI)

But all the news about AI is not all good

From J.P. Morgan's Michael Cembalest – September 2023



“Strategy Team Trainee” Exercise



Bing

Starry AI

Dall-E

HBS/BCG: effects of AI on management consulting

- 12% more tasks completed, tasks completed 25% faster, quality improved by 40%
- Tasks: idea generation, segment analysis, marketing
- GPT-4 was as a skill leveler: lowest ranked consultants had the biggest improvement in their performance
- In some tasks, excessive reliance on AI backfired since workers did not apply enough judgment and checking

“Navigating the Jagged Technological Frontier,” HBS/BCG, Fabrizio Dell’Aqua et al, September 2023

Examples of Generative AI Mistakes

- **Hallucinated** numbers and then refused to provide a source for where it found them
- **Incorrectly executed** the correct steps it outlined to solve a problem
- **Misread** data files it found or that were provided
- **Did not notice** that subtotals should be excluded from summation calculations
- **Used the wrong** constants for certain energy conversions
- **Asserted** certain facts that are contradicted by other readily available information
- **Gave up** on unanswered question by saying, “this is a complex analysis that requires data gathering, data cleaning, and statistics”

Source: [Eye on the Market, “What I Was Made For,” Michael Cembalest, JP Morgan Private Bank, September 26, 2023](#)

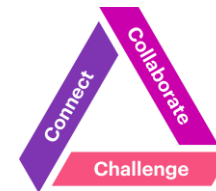
Risk Factors



“ChatGPT is incredibly limited, but good enough at some things to create a misleading impression of greatness. It’s a mistake to be relying on it for anything important right now. It’s a preview of progress; we have lots of work to do on robustness and truthfulness.”

— OpenAI’s CEO and founder Sam Altman

AI is changing the world of work already, and advancing rapidly



Current Impact of AI

Examples of How AI is Used At Work Today

- **Writing** – Tools like writer.com boost productivity of copywriters, marketers, and writers in general
- **Translation** – Automated translation tools that use AI are now integrated into many software applications
- **Transcription** – AI programs transcribe audio to text with ever increasing accuracy, reducing the need for note-taking

Future Trajectory

How Quickly The Technology is Improving

	GPT 3.5 (March 2022)	GPT 4 (March 2023)
Score on Bar Exam	Bottom 10%	Top 10%
Ability to View and Describe Images	No	Yes
Maximum Amount of Output Text	4,000 words	25,000 words
Number of Parameters	175 Billion	1 Trillion+

Source: levelup.gitconnected.com/top-5-amazing-features-of-gpt-4-that-surpass-chatgpt-dfedde0e8da1

AI impacts different jobs differently

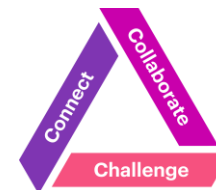
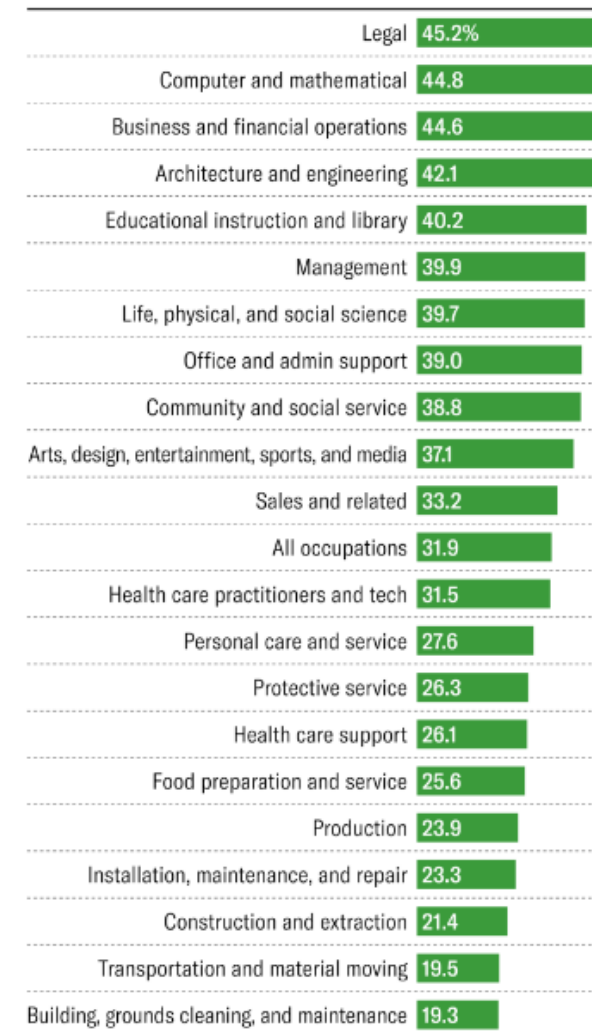
Skill Type	Exposure to AI
Cognitive abilities (such as information ordering and memorization)	Higher
Creative- or strength-based abilities (such as originality, oral expression, or explosive strength)	Lower or none
The more social interaction and empathy that a job requires	Less
The more physical labor is entailed in a job	Less*

* (subject to the possibility of robotic automation)

Source: Is Your Job AI Resilience? by David L. Shrier, Julian Emanuel, and Marc Harris, HBR, October 2023
<https://hbr.org/2023/10/is-your-job-ai-resilient>

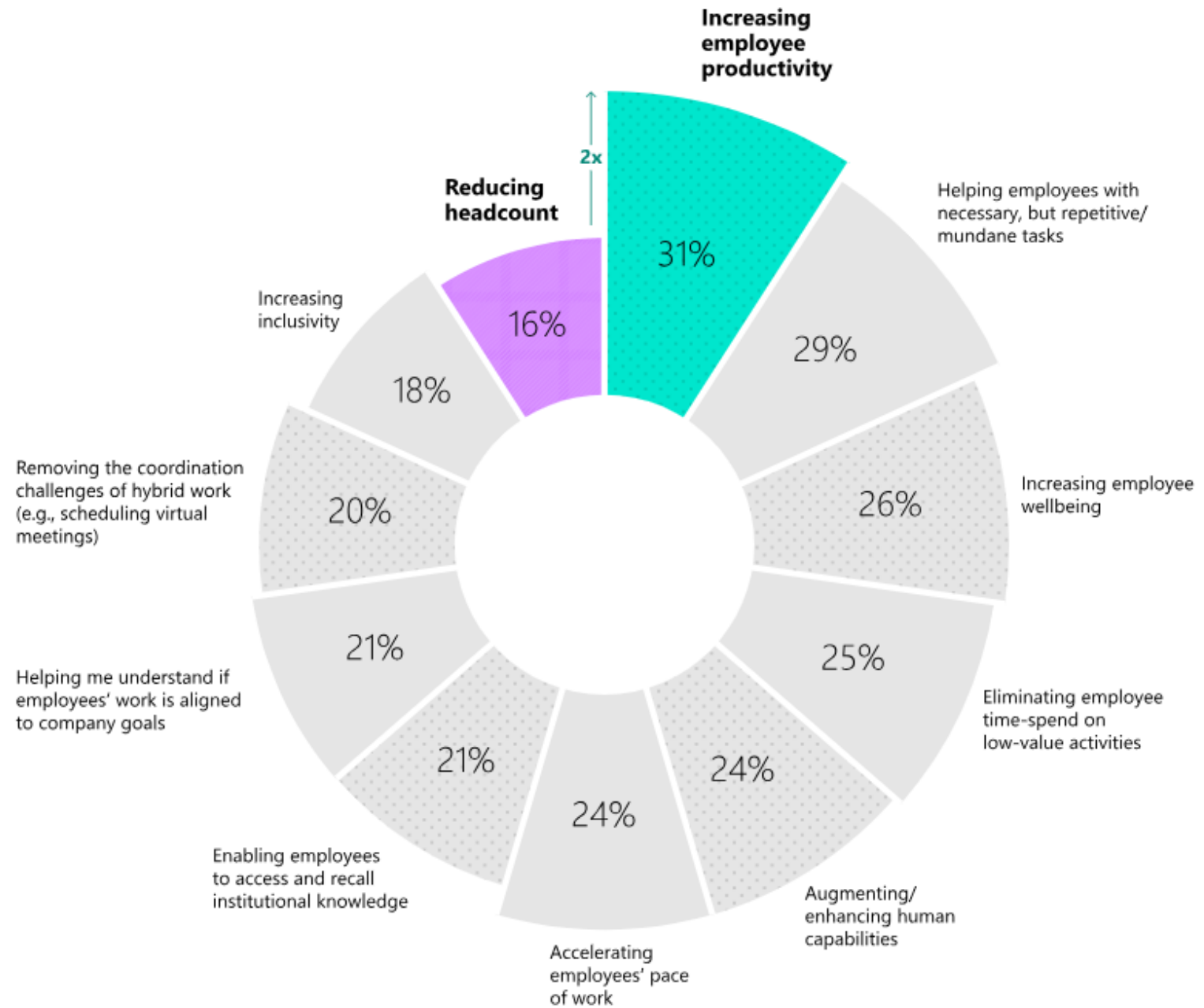
Potential AI Impact on Different Occupations

Share of each job exposed to AI, by broad occupation



AI's Productivity Promise

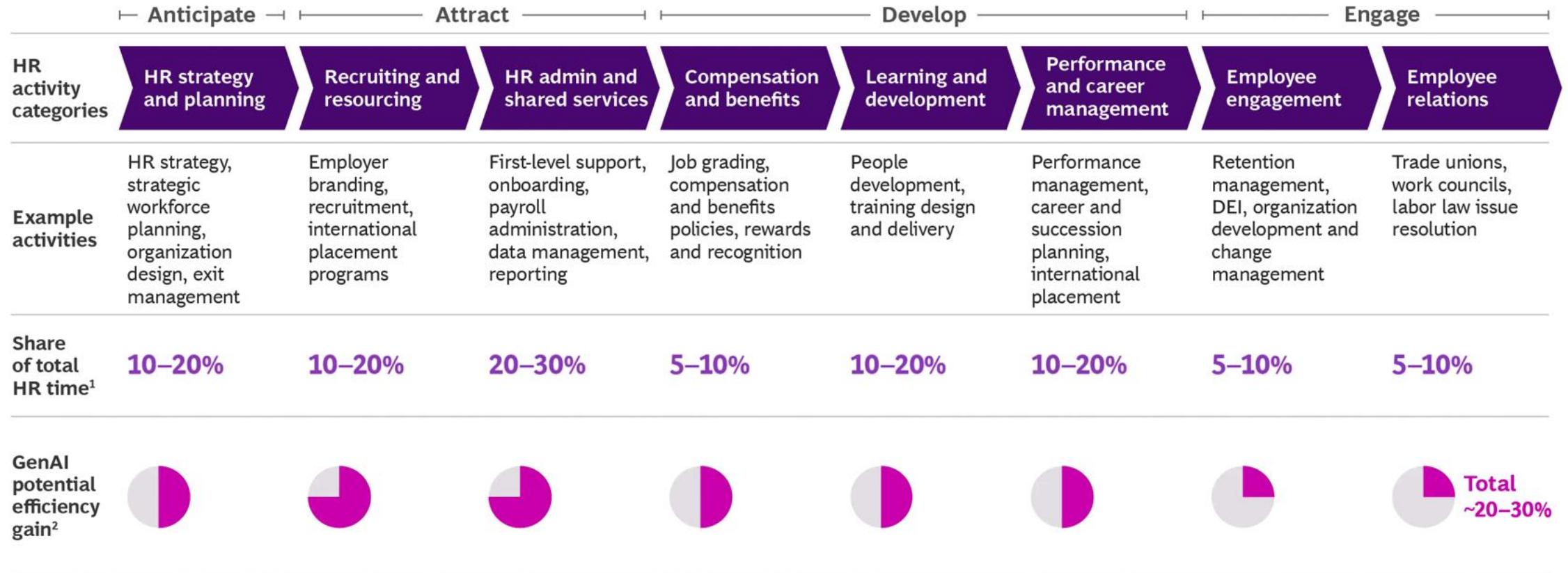
Study of executives



Source: [Microsoft Work Trend Index 2023](#)

HR transformation

GenAI has the potential to drive about 30% increased productivity across the HR value chain in the near term



Source: BCG analysis.

Note: DEI = diversity, equity, and inclusion.

¹Estimates based on BCG's support function benchmarking data for the past five years (June 2023). ²Estimates based on potential efficiency gains from automation of processes addressed by GenAI tools, on the basis of the anticipated maturity of GenAI tools in the next 6 to 12 months; average figures, subject to variation depending on industry and company specifics including degree of current digitization and where activities occur today.



Early uses of artificial intelligence within HR



1
Accelerates the drafting of job descriptions, reports and policies



2
Aggregating market data



3
Enables deep data mining for personalized and individualized rewards



4
Supports the identification of errors within data by recognizing trends and patterns



5
Powers increasingly useful chatbots to provide real-time responses to frequently asked questions



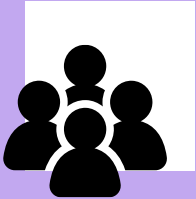

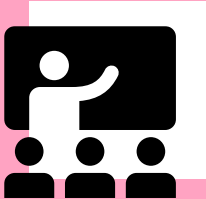
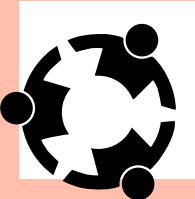
6
Design communications and training materials

Future Trend #2

The war for skills is here to stay and is rapidly changing

Generational population changes are afoot



Baby Boomers	Generation X	Generation Y	Generation Z
<p data-bbox="282 525 593 561">Active mentors</p> 	<p data-bbox="828 532 1159 572">Leading the way</p> 	<p data-bbox="1386 532 1742 572">Emerging leaders</p> 	<p data-bbox="2007 532 2257 572">On the cusp</p> 
<p data-bbox="303 901 545 936">1946 – 1963</p>	<p data-bbox="873 901 1116 936">1964 – 1979</p>	<p data-bbox="1442 901 1684 936">1980 – 1995</p>	<p data-bbox="2015 901 2257 936">1996 – 2010</p>
<p data-bbox="298 1006 545 1093">Age in 2024 61 – 78</p>	<p data-bbox="868 1006 1116 1093">Age in 2024 45 – 60</p>	<p data-bbox="1437 1006 1684 1093">Age in 2024 29 – 44</p>	<p data-bbox="2010 1006 2257 1093">Age in 2024 14 – 28</p>

What does it mean for skill risk? New jobs are emerging



Myth

Workplace automation will have a largely negative impact on workers and jobs.

Busted

Automation will result in new combinations of work, talent, skill requirements and work relationships (e.g., FTE, PT, contingent).



AI Ethics Evaluator



Robot Trainer



Virtual Culture Architect



Prompt Engineer



Cyber Ecosystem Designer

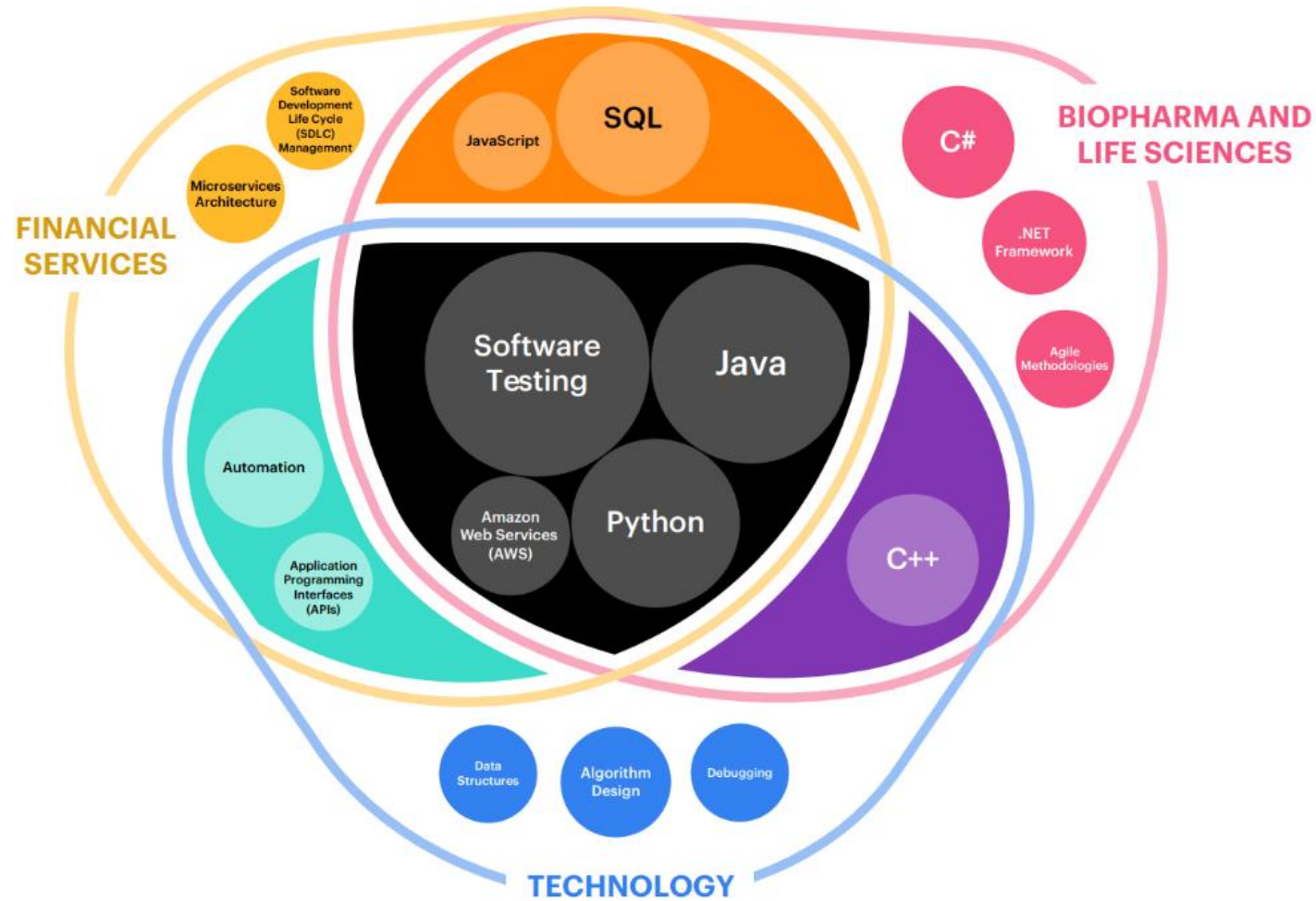
The top 10 skills that will be in demand by all employers in the future

- 10 Cognitive flexibility
- 9 Negotiation skills
- 8 Service orientation skills
- 7 Judgment & decision making
- 6 Emotional intelligence
- 5 Coordinating with others
- 4 People management
- 3 Creativity
- 2 Critical thinking
- 1 Complex problem solving

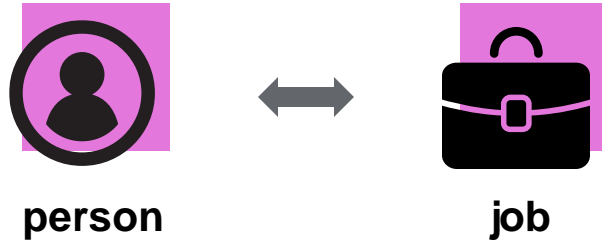
Source: Future of Jobs Survey, World Economic Forum

Source: CHREATE Consortium

Skills in Demand – Software Engineer (by industry)



There is a greater shift of 'jobs' to 'skills'



As we face an evolution of the workplace...

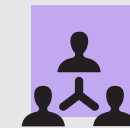
Work itself has become more flexible, project based and fluid in nature

New constructs of where, when and how we work and get work done

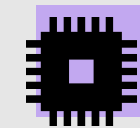
Work is supported by virtual collaboration tools, and increasingly by robotics and AR/VR

... organizations are thinking about:

What are the skills required to get the work done?



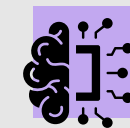
Traditional employees



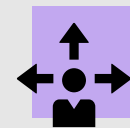
Robotic process automation



Digital ecosystem



Artificial intelligence



Outsourcing



Alternative talent

Key distinguishers of job-based and skills-based organizations



Job-based organization

- Large number of narrow levels based on hierarchy
- Opaque and standardized opportunities
- No employment breaks, “job for life”
- Job-based; typically vertical career progression
- Within a single job family
- Narrow skills associated with a single job
- Employer-led, with managers giving career guidance and sometimes hoarding talent

Skills-based organization

- Fewer, broader levels to enable more flexible and lateral career movement
- Transparent and customized opportunities
- Time-off / sabbaticals / study breaks
- Skills-based; lateral and nonlinear career progression
- Experience or project-based
- Transferable and adjacent skills; human capabilities
- Self-directed, with technology, mentors and managers providing options, coaching and guidance



Skills-based approach encourages lifelong learning

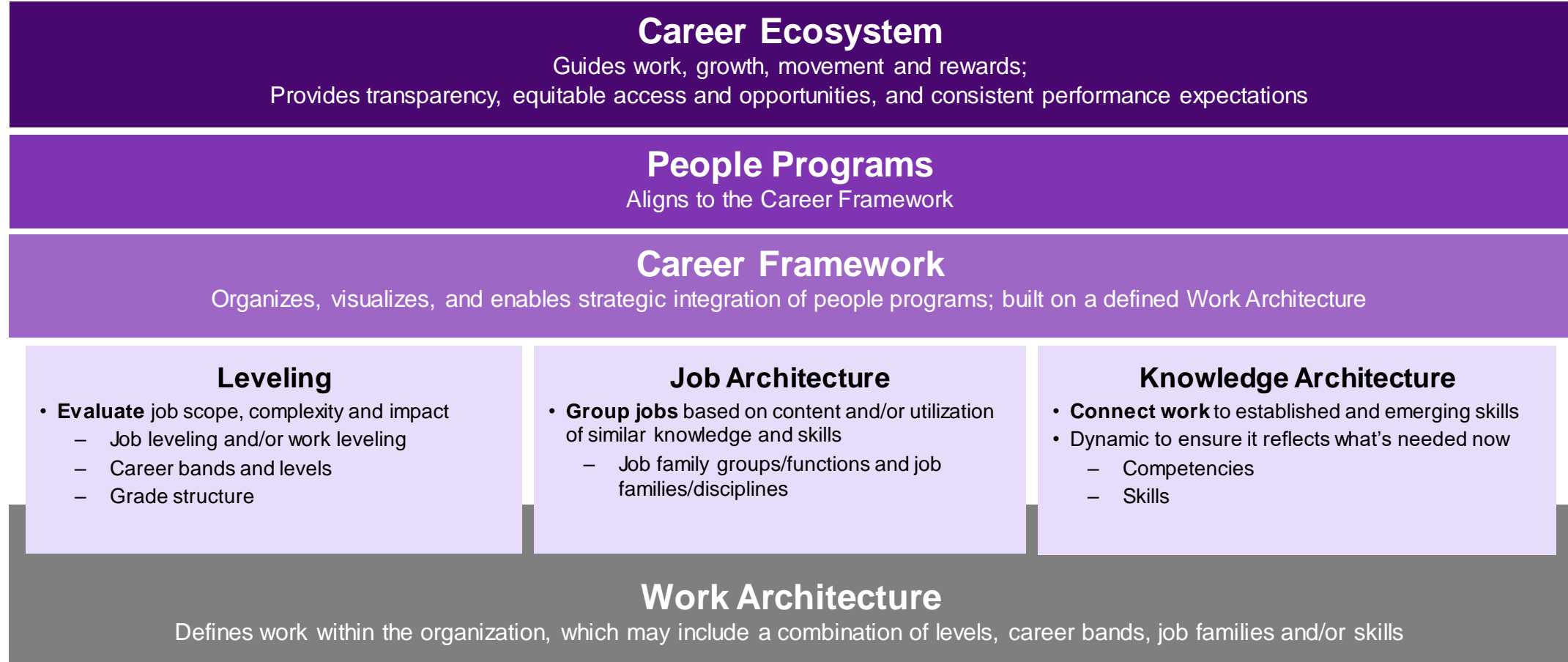


Skills create a fairer base for social mobility



Skills-based approach prepares for automation and augmented work

A Career Framework is built on a defined Work Architecture



Future Trend #3

Where work gets done will remain dynamic and evolving

Flexible work is pervasive and expected



8% worked primarily remotely or a mix of onsite and remotely three years ago.



Half of employees are currently working primarily remotely or a mix of onsite and remotely.



Organizations expect half (**48%**) of their workforce to be working primarily remotely or a mix of onsite and remotely in three years.

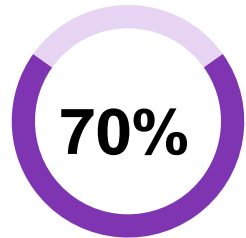
Source: WTW Reimagining Work and Rewards Survey

Remote working has been a mixed experience for employees

There are clear advantages to being on-site

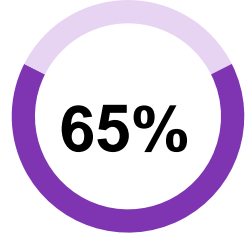


Do you agree or disagree with the following statements about your experience working remotely/from home?



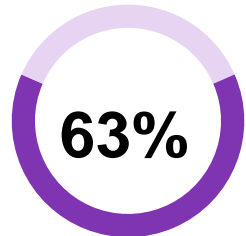
Work-life balance

Working remotely helps me to achieve a better work-life balance



Fair evaluation

My performance has been evaluated fairly while working remotely



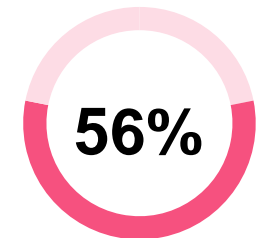
Resources

The resources provided by my employer to work remotely meet my needs



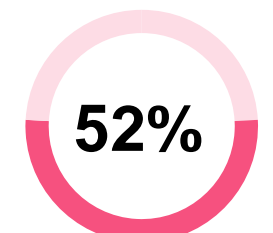
Team management

Managing my team has been more difficult while working remotely*



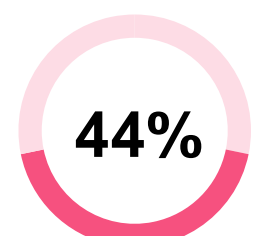
Feel disconnected

I feel more disconnected from my team while working remotely



Career development

I worry that working remotely will have a negative impact on my career



Sample: Full-time employees who have experience working remotely/from home.

Note: Percentages indicate "agree" or "strongly agree". * Only for managers.

Source: 2022 Global Benefits Attitudes Survey

Half of employees feel more disconnected when working remotely

Especially males, younger and high-income employees



Feel disconnected

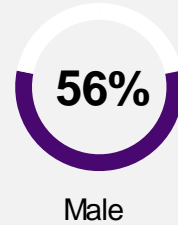
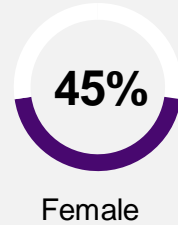


52%

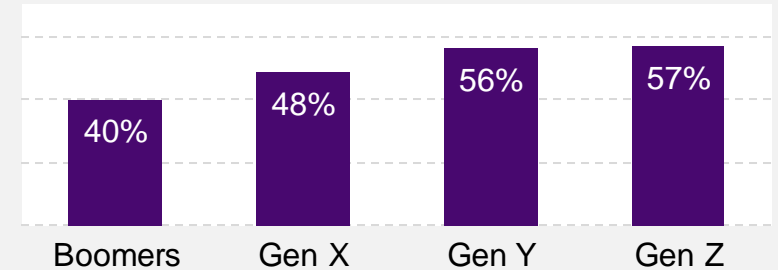
of employees say that they feel more **disconnected** from their team while working remotely



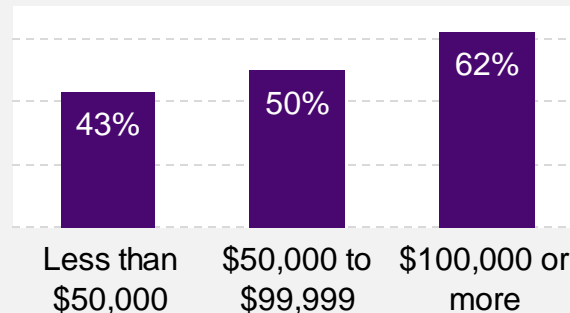
Gender



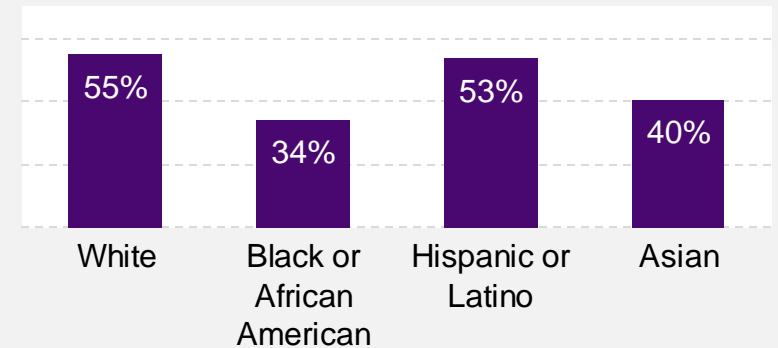
Generation



Salary



Race



Sample: Full-time employees who have experience working remotely/from home.

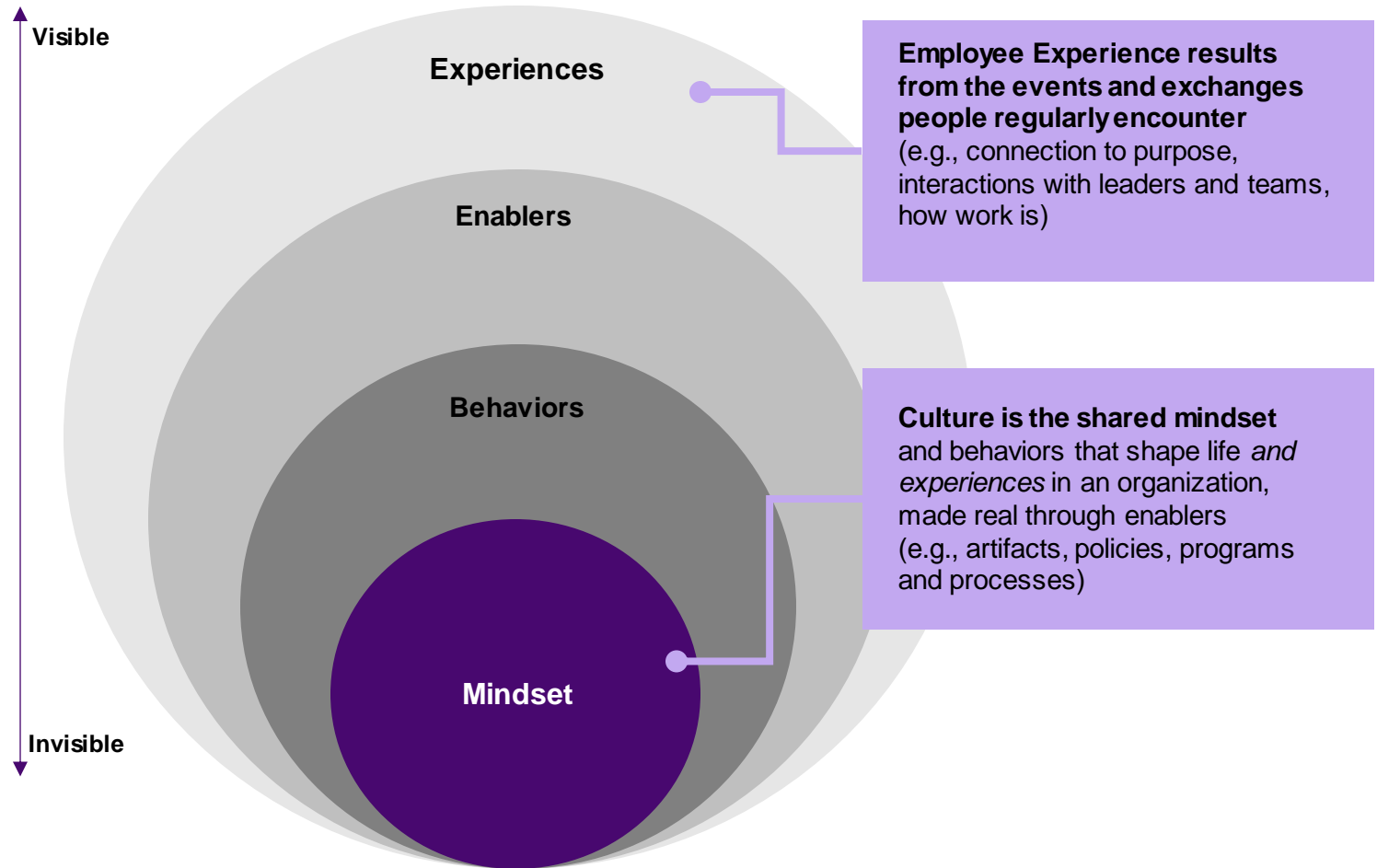
Note: Percentages indicate “agree” or “strongly agree”.

Source: 2022 Global Benefits Attitudes Survey

Trends are elevating culture to the forefront



Great cultures have an intentional **alignment** between mindsets, behaviors and enablers, creating meaningful employee experiences



Source: WTW Research and Consulting Work.

Human connection in the digital age

Leadership lessons from hybrid work, generative AI, and Taylor Swift



“While a majority of employees prefer the availability of remote or hybrid work, they also are concerned about career development and are feeling disconnected. More than half feel detached from their teams, with those in the 18-40 year-old age category feeling most disconnected.”

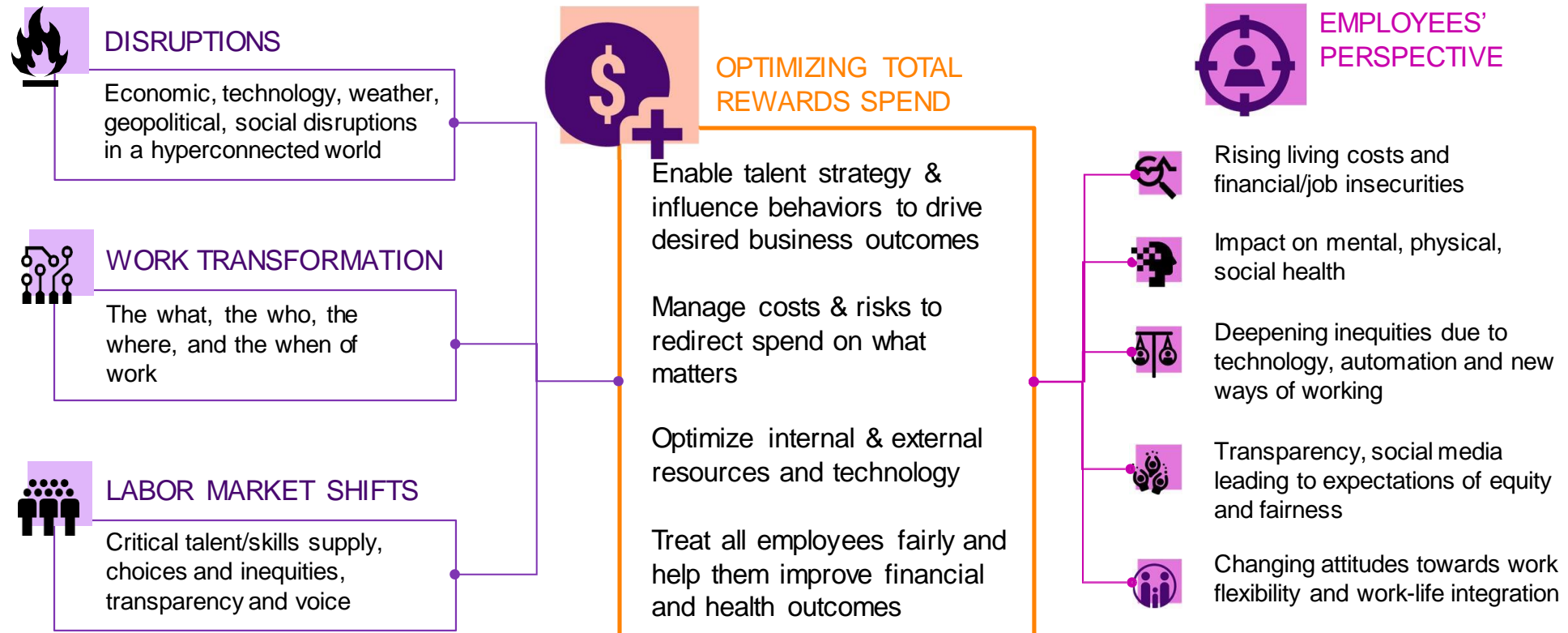


Source: <http://www.forbes.com/sites/johnbremen/2023/06/08/human-connection-in-the-digital-age-leadership-lessons-from-hybrid-work-generative-ai-and-taylor-swift/>; WTW research

Future Trend #4

Total Rewards: a focus on security, flexibility and aligned to purpose...the essential formula

The world of work is evolving as must total rewards to improve outcomes for businesses and people



Listening to CHROs



I have had 5 Reward Directors - all were technically sound and knowledgeable but some were inflexible and it became more about the model and the data than the business needs and what they are ready for. The best reward professionals are those who understand the need to be consultative. – *FTSE100 CHRO*

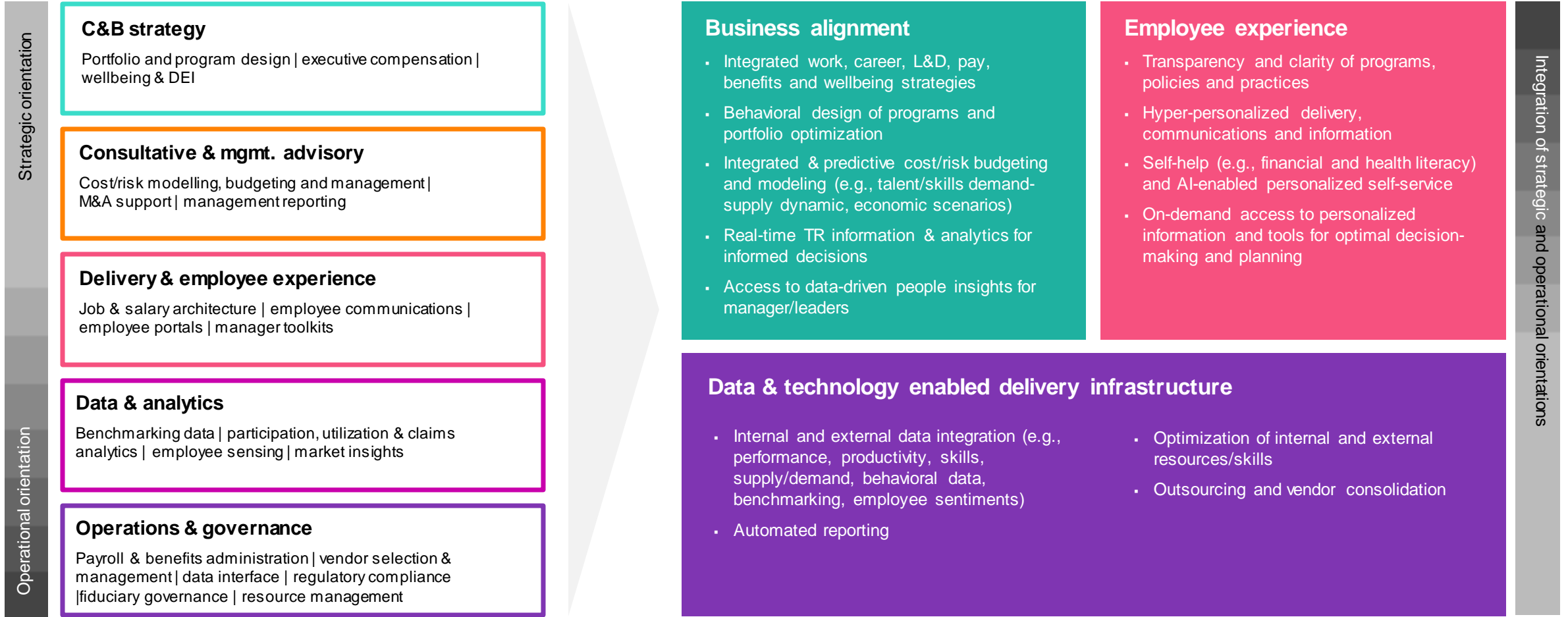
I want a Reward partner to be exactly that – a partner. They need to know what's going on in the business and not be purely reactive. I'd rather brainstorm new ideas or issues together as they arise than wait weeks for a completed .ppt – *Fortune100 CHRO*

Reward functions have to be really close to the business and understand how their solutions can motivate the right behaviours for performance. – *Fortune500 CHRO*

The best Reward teams learn to understand the make-up of the workforce in order to understand what is important in terms of mix of comp and bens. You can't afford to be conventional in more contemporary business. The EVP has to be considered holistically - sabbaticals, 4-day weeks, and flexibility are now just as important as compensation. – *FTSE100 CHRO*

Source: Leathwaite - The world's leading Executive Search & Leadership Talent specialists for Corporate Functions

So, what could the future total rewards function look like?



C&B strategy

Portfolio and program design | executive compensation | wellbeing & DEI

Consultative & mgmt. advisory

Cost/risk modelling, budgeting and management | M&A support | management reporting

Delivery & employee experience

Job & salary architecture | employee communications | employee portals | manager toolkits

Data & analytics

Benchmarking data | participation, utilization & claims analytics | employee sensing | market insights

Operations & governance

Payroll & benefits administration | vendor selection & management | data interface | regulatory compliance | fiduciary governance | resource management

Business alignment

- Integrated work, career, L&D, pay, benefits and wellbeing strategies
- Behavioral design of programs and portfolio optimization
- Integrated & predictive cost/risk budgeting and modeling (e.g., talent/skills demand-supply dynamic, economic scenarios)
- Real-time TR information & analytics for informed decisions
- Access to data-driven people insights for manager/leaders

Employee experience

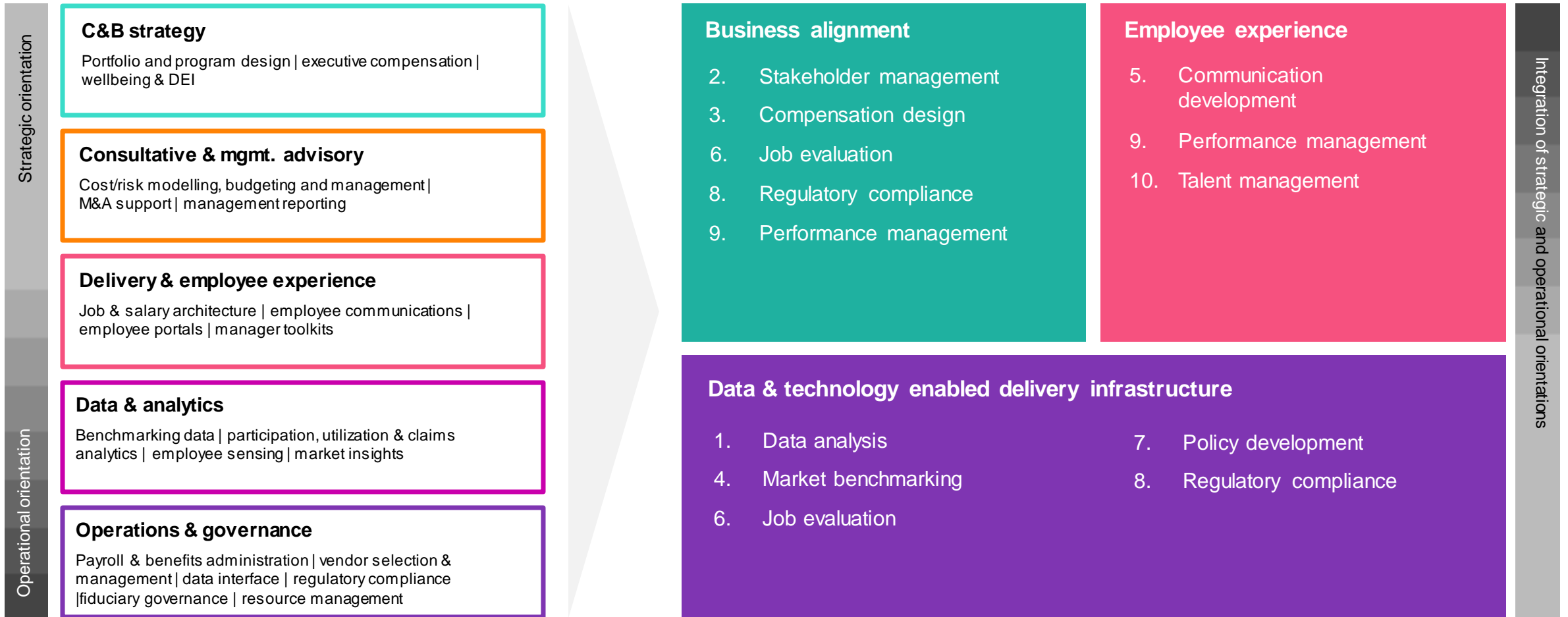
- Transparency and clarity of programs, policies and practices
- Hyper-personalized delivery, communications and information
- Self-help (e.g., financial and health literacy) and AI-enabled personalized self-service
- On-demand access to personalized information and tools for optimal decision-making and planning

Data & technology enabled delivery infrastructure

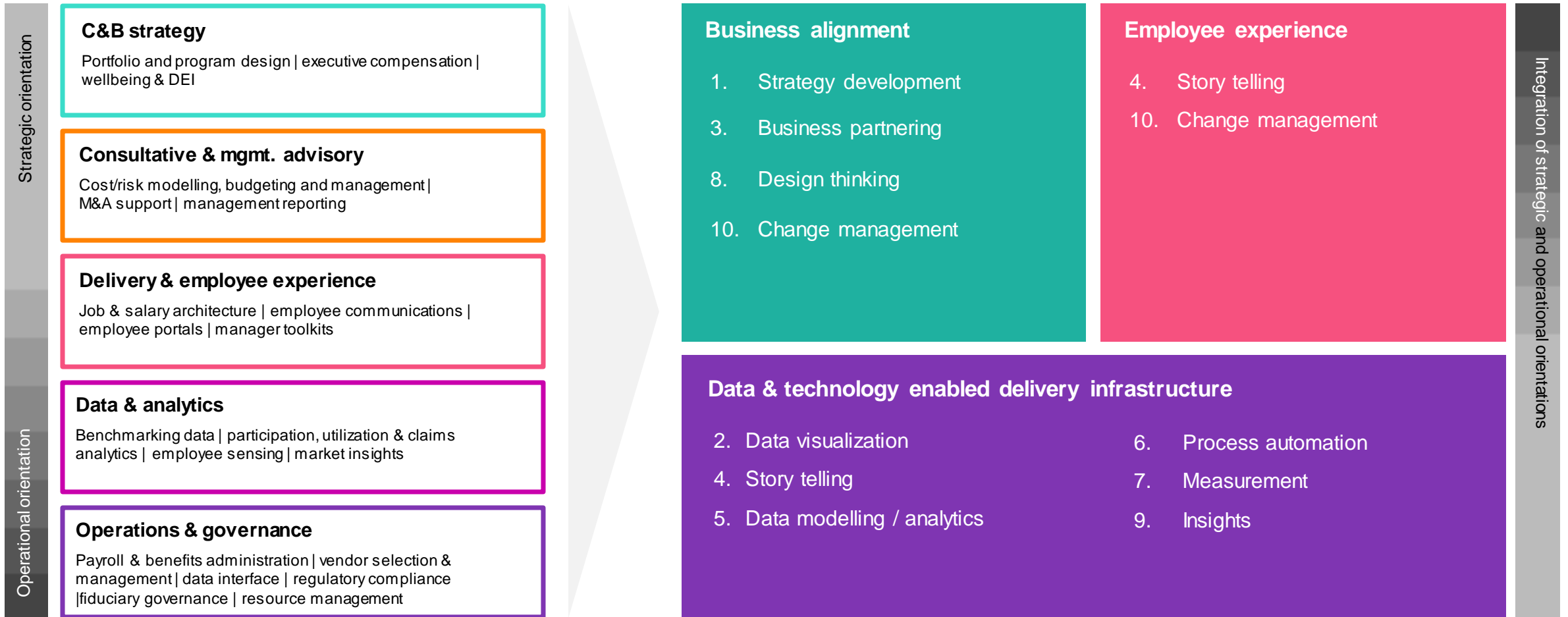
- Internal and external data integration (e.g., performance, productivity, skills, supply/demand, behavioral data, benchmarking, employee sentiments)
- Automated reporting
- Optimization of internal and external resources/skills
- Outsourcing and vendor consolidation

Integration of strategic and operational orientations

So, what are the top 10 prevalent skills for the future total rewards function?



So, what are the top 10 emerging skills for the future total rewards function?



C&B strategy

Portfolio and program design | executive compensation | wellbeing & DEI

Consultative & mgmt. advisory

Cost/risk modelling, budgeting and management | M&A support | management reporting

Delivery & employee experience

Job & salary architecture | employee communications | employee portals | manager toolkits

Data & analytics

Benchmarking data | participation, utilization & claims analytics | employee sensing | market insights

Operations & governance

Payroll & benefits administration | vendor selection & management | data interface | regulatory compliance | fiduciary governance | resource management

Business alignment

1. Strategy development
3. Business partnering
8. Design thinking
10. Change management

Employee experience

4. Story telling
10. Change management

Data & technology enabled delivery infrastructure

- | | |
|-------------------------------|-----------------------|
| 2. Data visualization | 6. Process automation |
| 4. Story telling | 7. Measurement |
| 5. Data modelling / analytics | 9. Insights |

We predict five areas where companies will take action with their total rewards strategy to unlock value in 2024

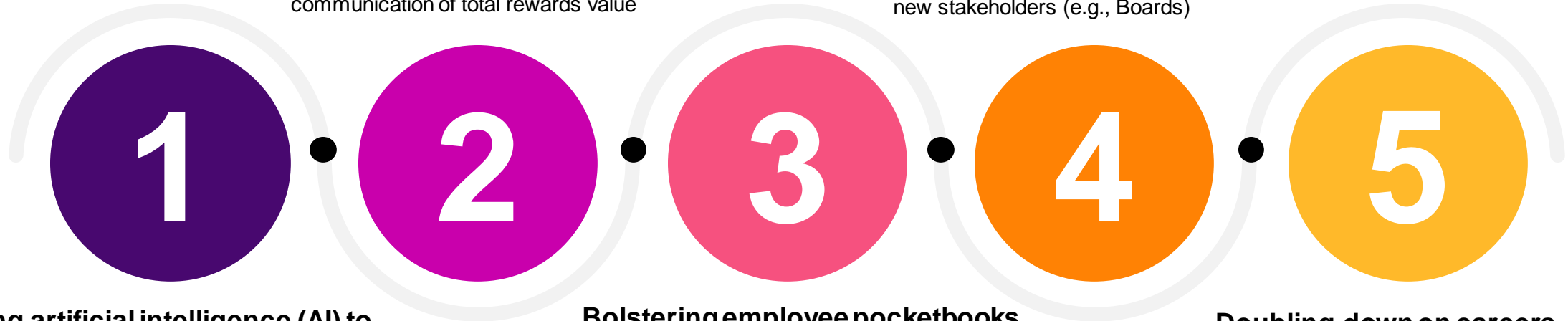


Spending money where it counts

Both by programmatic realignment (i.e., understand what employees want versus what they need and how current programs are being used), prioritizing the cost of being unwell, and improved communication of total rewards value

Elevating transparency beyond compliance

Forming a broader sustainable rewards agenda that promotes equity, inclusiveness, and fairness; adopting a globally consistent approach and implementing new governance models; focusing on human capital metrics and reporting to new stakeholders (e.g., Boards)



Using artificial intelligence (AI) to enhance total rewards

Enhancing the employee experience through personalized communication and better navigation, creating better outcomes for the business with new analytical capabilities and market insights, and improving operational efficiency in automation, generation of content, and knowledge management

Bolstering employee pocketbooks

Reviewing pay and benefits programs to improve affordability, investing in new offerings that enhance financial acumen and resilience, and introducing new approaches to incorporate flexibility and choice in retirement programs

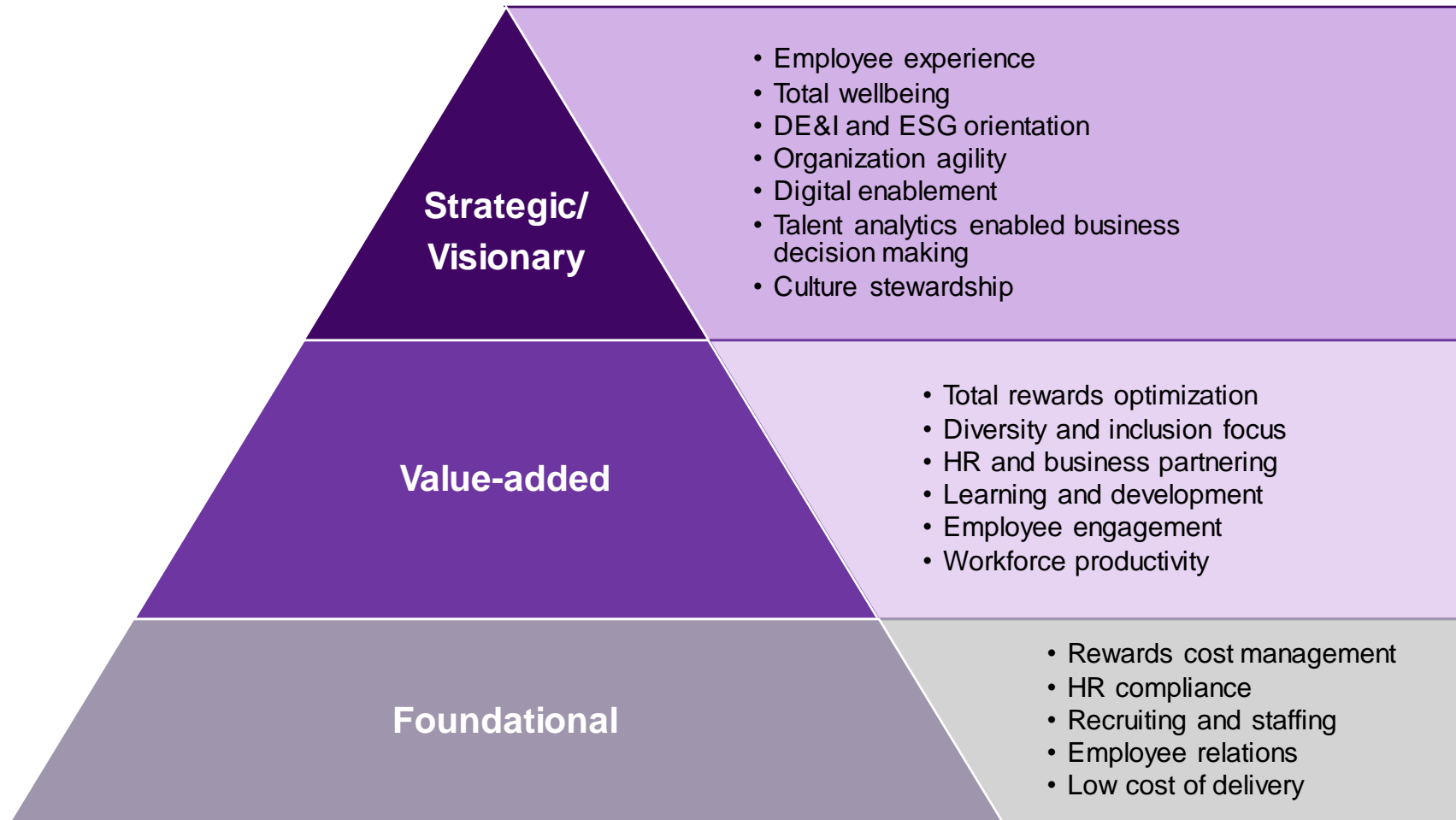
Doubling-down on careers

Improving the career experience for employees; focusing on more effective ways to grow and reward critical skills; reconsidering the role that education and prior work experience plays in hiring, career, and reward decisions;

Future Trend #5

The future of HR

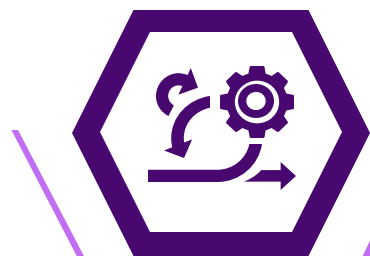
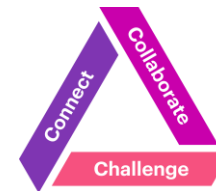
HR needs to evolve to drive the best possible employee experience and business value moving forward



HR Jeopardy: 2024

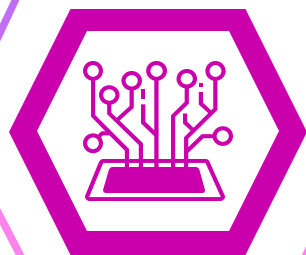
Performance	Protection	Planet	People	Purpose
Productivity	Geopolitical and cyber risk	The journey to NetZero	Talent shortages	Organization and individual purpose
Inflation	Supply chain disruption	Climate events	The Great Resignation	ESG strategy
What to do about pay	Capital risk	Climate transition risk	Quiet Quitting	DEI
Fighting inflation with culture	Reputation risk	Climate and people	The demographic culprit	Wellbeing
Recession risk	Talent and work risk	Climate regulation	Health care costs	Governance
Intangible assets	#MeToo v2.0?	ESG regulation	Living wage	Sustainability

The future of HR



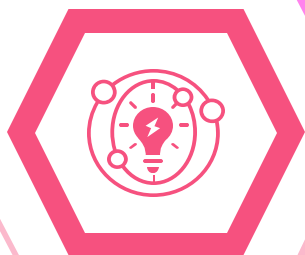
Push boundaries to power organizational agility

How does HR become the architect of the organization's vision for the future while steadying its foundation?



Unleash digital enablement

How does HR accelerate digital enablement for the business and the work experience?



Embrace perpetual work reinvention

How does HR enable optimal combinations of humans and automation, and a shared commitment to continuous learning?



Rethink culture and leadership

How does HR shape a culture that empowers leadership at the edges in an inclusive work ecosystem?



Elevate HR decision making

How does HR combine data and decision making to spark future-focused insights and human-centered innovation?



Thank you!

What we're hearing from clients



Deep Interest...

Want to be on leading edge

Looking for efficiencies

See value from personal experience

Easy to imagine applications in HR

... And Reasonable Caution



Data protection and privacy risks

Ethical concerns (e.g. bias)

Accuracy and explainability

Legal risks (e.g. IP rights)

Examples of employee and employer perspectives on AI



	Employers' Priorities	Employees' Priorities
Efficiency and Productivity	<ul style="list-style-type: none"> Automation and cost savings Measuring performance, productivity 	<ul style="list-style-type: none"> Time freed up for value-added work Augmenting capabilities with tech.
Talent Acquisition and Mobility	<ul style="list-style-type: none"> Talent acquisition efficiencies Filling new talent needs / gaps 	<ul style="list-style-type: none"> Internal talent mobility possibilities External talent mobility possibilities
Development and Growth	<ul style="list-style-type: none"> Levelling-up Talent Pool 	<ul style="list-style-type: none"> More effective training / coaching Opportunities to develop & use new skills Building / keeping relevant skills
Employee Sentiment and Behaviors	<ul style="list-style-type: none"> Measuring employee sentiment 	<ul style="list-style-type: none"> More targeted / relevant communications New UI expectations (e.g., co-pilots)
Risk	<ul style="list-style-type: none"> Cyber security 	<ul style="list-style-type: none"> Bias Data privacy Maintaining job security