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SHAPING THE ADAPTIVE FINANCIAL SERVICES ORGANIZATION OF THE FUTURE.

Putting a 'just-in-time' workforce
at the center of strategic planning.

AN ADAPTIVE WORKFORCE FOR A WORLD OF CONSTANT CHANGE.

Shared economies. Technology advances. Changing consumer and worker demographics. The world today is not as it was a decade ago, a year ago, a week ago. And it will not be the same tomorrow. Financial services (FS) organizations must be adaptable—able to pivot fast in a rapidly evolving environment—to succeed. And a flexible business requires an adaptive workforce.

When Henry Ford, the founder of Ford Motor Company created the moving assembly line in the early 1900s, he understood that his strategy had to cover not just a new product, but also his company's way of working. He saw an opportunity to reimagine what work was done, how it was done, and who did it. For Ford, innovation needed to improve human productivity, and liberate human potential. So, he leveraged the prosperity generated by the assembly line to uplift his entire ecosystem of business and employees.

He began offering a US\$5 daily wage, nearly double the norm at the time, and shortened the workday from nine to eight hours. In doing so Ford reduced employee turnover and created an entire market for himself—workers who could afford to buy his cars. More than a century later, digital technology is catalyzing a similar revolution in the workforce—offering forward-thinking FS organizations the opportunity to set free the potential of today's multigenerational talent pool.

For those that get it right, shaping an adaptive, innovative workforce will be their greatest differentiator in a world of constant, accelerating change. They will build a workforce shaped by data-driven insights—investing in predictive intelligence that lays the foundation for improved decisions, supports a more agile way of working, removes internal silos, and scales across the business.

Realizing that work extends beyond a 9-to-5, brick-and-mortar setting, they will redefine the classification of a worker, source talent in new ways that enhance competitive agility and innovation, and augment human creativity with artificial intelligence. And they will empower their leadership and their current workforce with the mindset and skills to navigate this rapidly evolving environment.

The future of the FS industry will belong to organizations that Accenture describes as ‘living businesses’—companies that can adapt at speed and scale to maximize customer relevance and sustain growth; that use data to create intelligent experiences; that employ a fluid, open relationship model to connect both internally and externally; whose culture and infrastructure embrace innovation; that have a personality that resonates with customers; and that are able to pivot wisely from their core business to new sources of growth.

The war for talent has never been as complex and important as it is today. Thus, for living FS organizations, the workforce and human-technology collaboration should not be after-thoughts but a front-and-center preoccupation in strategic planning. Bold FS leaders that focus on their people and bring to life the human element will create companies that quickly execute their digital strategies, forming and reforming themselves in a world of constant change.

What is an adaptive workforce?

The workforce that will help shape the successful FS organization of the future will have a number of distinctive characteristics:

- Flexibility in terms of structure and sourcing.
- A higher level of collaboration than is usually seen today.
- An eagerness to innovate, without fear of failure.
- A willingness and a capability to change rapidly and continuously.
- Never-ending skills enhancement and leadership development.
- The mobility to change roles and progress.
- Insistence on a more fulfilling employee experience.
- Reliance on data-driven insights and powerful HR software for predicting future skills requirements, locating talent and managing performance.

BUILDING AN ADAPTIVE WORKFORCE FOR TODAY AND TOMORROW.

Today's top FS leaders are looking at how to build a workplace ecosystem for a digital world. They are leveraging digital platforms, automation and analytics to create a future workforce that meets the needs of today and tomorrow while adhering to strict regulatory requirements and risk standards.

The C-suite, working closely with the HR organization, must take the lead in reshaping the enterprise and its culture for a digital world. From investing in predictive intelligence and labor-as-a-service (LaaS) platforms such as WorkMarket to reskilling

the workforce and augmenting talent with AI and automation, forward-thinking FS leaders are building the foundation for an adaptive, scalable workforce.

Predictive intelligence, powerful insights.

To support sustainable and agile growth, C-suite executives must be able to predict their future workforce needs. Predictive intelligence not only provides an understanding of future workforce requirements, it also guides strategic workforce planning up to 18 months out. These insights provide a valuable map for enterprise transformations and answer key strategic questions:

- How will you deliver your next product or service?
- Do you have the workforce to enact your growth agenda in a way that beats your competition?
- How are you prioritizing and nurturing your people during this transformation?

Having reliable data-driven insights that guide an organization into the future will require constant investment—for data and insight gathering, continuous adjustments to workforce modeling, and breaking down siloed business systems as well as the capabilities and skills to drive this. Executed correctly, and scaled across the organization, predictive intelligence is the first step to creating an adaptive workforce that can successfully adapt to the world as it changes.

Recruitment analytics boosts new-hire performance.

Accenture helped an Indian insurer to leverage analytics to identify the employee characteristics—including demographics, competency factors, and recruitment sources—that correlated with retention and high performance. This translated into a drastic improvement in average workplace performance for new hires' first nine months:

- Premium revenue up by 114 percent
- Policies written up 111 percent
- Retention up 68 percent
- Time to fill a position down from 108 to 60 days

Accenture's FS Change Survey 2017 shows that a small group of FS firms (approximately 10 percent of the sample) are significantly better at change than their peers. These change leaders, with a culture that embraces innovation and transformation, deliver markedly better commercial performance than their peers.¹

Defining an adaptive workforce.

Tomorrow's leading FS organizations will be those that today design an adaptive workforce with the following characteristics:

- Built on three critical abilities: predicting future skills, locating experts, and fostering collaboration.
- Able to easily, rapidly and effectively respond to change.
- Available on demand.
- Uses flexible organizational structures, such as project-oriented working groups, that emphasize collaboration, agility and skills sharing.
- Rapidly mixes and matches internal and external talent pools, built on new social contracts, to supplement its skills and talent base.
- Clear visibility into each employee's true capability and skills.
- Offers a heightened employee experience and better career mobility.
- Empowered to innovate through a culture of iterative development and failing fast.
- Turns continuous training and learning into core organizational competency for leadership and workers alike.
- Led through data-driven insights and optimized through powerful digital HR suites.



Machine capital.

Many FS companies are already augmenting their human workforce with machine capital. In the age of artificial intelligence (AI), business success will increasingly depend on people and machines collaborating with each other. AI will elevate people's capabilities as workers help intelligent machines to learn and improve. This will not only drive efficiencies, but create new forms of growth and innovation.

AI has the potential to boost labor productivity by up to 40 percent by 2035 in the countries Accenture studied. This rise in labor productivity will not be driven by longer hours but by innovative technologies enabling people to make more efficient use of their time.²

FS organizations are keenly aware of the potential of AI and intelligent automation as part of the workforce. Our Future Workforce survey found that 76 percent of FS organizations plan to use AI to automate tasks to a large or very large extent in the next three years. Some 52 percent of FS CXOs believe human-machine collaboration is important to achieve their strategic priorities, yet on average they believe only 26 percent of their workforce is ready to work with AI.³

Far from being threatened, human workers believe intelligent technologies will help them and enrich their experience at work. Our Future Workforce survey indicates that 68 percent of financial services workers believe that such technologies will have a positive impact on their work. As such, leading FS organizations will use AI and intelligent automation to support their workforce and unleash its potential. Cost reduction will be an important benefit, but not the most important one. Furthermore, more than two-thirds of FS CXOs expect net job gains as a result of implementing intelligent technologies in their companies over the next three years.⁴

Robotics, automation and AI transformations are not only the responsibility of the technology and operations teams—HR must help define how these technologies support an adaptive workforce. It should look at how it can harness talent strategy, reskilling, leadership development, and process redesign to help the organization drive optimal results from investment in AI. A siloed approach to automation will impact the workforce strategy and fragment the organization and culture.

AI helps advisors improve the quality of their advice.

Morgan Stanley is augmenting the work of its 16,000 financial advisors through the introduction of AI agents. By learning about their clients, the intelligent advisors continually interact with their human co-workers to proactively recommend a range of options that consider their clients' changing financial situations. Financial advisors are consequently better placed to contact clients at the right time with more relevant advice.⁵

EXPANDED WORKFORCE, UNLIMITED POSSIBILITY.

Boundary-less access to talent and new models of employment will help FS organizations improve their agility in a world that threatens to leave the slow movers behind. From new digital talent marketplaces and job sharing, to pooling talent with ecosystem partners, they now have a multitude of options for expanding their workforce model.

Freelancers:

As talent and skills gaps grow, as many as 40 percent of companies experience shortages that drastically impact their ability to adapt and innovate.⁶ Wise leaders are now starting to look beyond traditional organizational constructs where a full-time employee fills a permanent job—to a more boundary-less workforce where a freelance worker is as critical to the core operations of a business as a full-time employee.

Freelancers bring the flexibility to meet business goals, with the added advantage of scalability, allowing a company to contract and pay only for the work necessary. Seventy-eight percent of FS organizations say they will view freelance workers as a seamless part of their workforce within three years.⁷

FS organizations will need to relook their traditional approach to contractors and freelancers, who are today often treated as second-class citizens. Retaining the skills of top talent from the contingent workforce should be as much of a priority as retention of full-time employees. HR will need to evaluate how it can deliver experiences and an organizational culture that engage and attract top contractors and freelancers.

A contractor terminating a contract or an employee resigning no longer necessarily mean the end of a person's relationship with an organization. By asking what their corporate social responsibility is in the age of intelligent automation and the contingent workforce, FS organizations have an opportunity to create new social contracts, just as Henry Ford did.

FS firms can use tools such as Enterprise Jungle to keep talent engaged in the company network after their employment ends. This facilitates access to people who understand the business for special projects for fixed periods of time.

Digital marketplaces:

As large FS organizations compete with more entrepreneurial competitors for skills, those that tap into the rising number of on-demand workforce marketplaces and crowdsourcing sites will significantly enhance their agility. Some FS companies have already turned to freelance digital talent platforms such as Upwork to help fill the gap.

Leaders need to address the needs of diverse talent inside and outside the traditional boundaries of the organization, while balancing the compliance and risk regulations and concerns that are core to FS organizations. This requires them to carefully evaluate where they can augment internal skills with freelancers, where regulations or the confidentiality of the work preclude use of on-demand workers, and where they need to develop specialized, internal skills of their own.

'New-skilling':

In the years to come, the core workforce at most banks and insurers will re-adjust as organizations begin to tap into mixed talent pools including on-demand talent sources. Compared to those in many other industries, FS organizations may still have large headcounts. However, the composition and the character of the workforce will be different to today.

FS workers are likely to become more entrepreneurial, adaptable and innovative in outlook. They will focus on higher-value-added work, augmented with intelligent technologies, often with a heavy emphasis on skills and competences such as data science and the customer experience. FS organizations need to be thinking today about which skills and roles they need to sustain a competitive edge, and how they can prepare their people for a world where they need to be more adaptable.

Beyond simply attracting workers, workforce strategies of the future need to incorporate new methods of reskilling them and even help them branch into new careers as automation handles an increasing portion of the workload. Forward-thinking organizations must provide opportunities that prepare employees for future jobs they will perform—inside or outside the company.



Cross-functional teams and collaboration:

In many industries, we're seeing a shift away from rigid job descriptions towards a more fluid way of managing talent, even among the people who are employed full time. Job descriptions are evolving to better reflect an employee's true capability, skillsets, and aptitudes, and a shift towards a more project-based organizational model that requires people to be multiskilled and able to multitask.

Some 79 percent of executives agree the future of work will be based more on specific projects than roles.⁸ As the 'one role, one worker' approach gives way to more fluid and task-based ways of approaching work, the term 'employee' will encompass a broad spectrum spanning internal to external, human to machine, and short-term gigs to full-time work.

Depending on compliance requirements in the markets where they operate and the nature of their business, FS organizations need to balance the regulatory requirement of keeping certain functions separated, with the opportunities to drive collaboration across different departments, teams and business units.



of FS organizations strongly agree organizations that build strong adaptive workforces will win the war on talent.⁹



of HR and business leaders agree that by facilitating performance across an adaptive workforce that combines contractors, employees and third-party providers, HR would improve employee performance.¹⁰



of senior business and HR leaders plan to create opportunities for employees to easily move between tasks, roles, and jobs to enable greater freedom, autonomy, and collaboration.¹¹

On-demand labor platforms like Freelancer and Gigster enable FS firms to virtualize part of the workforce. WeGoLook is an 'Uber of inspections' that can dispatch 30,000 'lookers' to collect real-time data, photos or video on behalf of insurers for automotive and property inspections or insurance claims.¹² This enables them to acquire on-demand specialist skills—such as licensed drone operators—and to rapidly mobilize resources such as claims assessors to cater for spikes in demand such as natural catastrophes.

FS organizations must focus on the adaptive workforce across multiple dimensions:

- **Reconnaissance:** FS organizations should constantly survey their business and workforce to understand which talent and skills they should buy, build or automate. They should turn predictive workforce planning into a core competence.
- **Recruitment:** Tapping new sources of skills such as digital talent marketplaces or pooling talent with ecosystem partners.
- **Retention:** Leveraging big data, AI and advanced analytics to shift from mass management of HR to personalized workforce experiences with the aim of elevating engagement and retaining top performers.
- **Reskilling:** Equipping the workforce with the skills they need in a digital age and redeploying employees as automation handles an increasing portion of the workload.
- **Release:** Managing the social impact of new modes of work; for example, preparing the organization and the workforce for a world where many of today's jobs no longer exist.

Barriers to the adaptive workforce.

Accenture research shows that FS organizations are aware of the pressure they face to become more adaptive and to build a workforce that reflects this ecosystem ethos. Some 87 percent of FS executives agree that their organization must innovate at an increasingly rapid pace to keep a competitive advantage. Yet only 20 percent report that they have a predominantly fluid or adaptive organizational structure.¹³

The challenges many FS firms face in improving their adaptability include a lack of capability in areas such as data science and artificial intelligence—44 percent of executives say a lack of digital skills is a key barrier to transformation.¹⁴ This situation is exacerbated by the difficulty of attracting top young talent to replace workers who are approaching retirement age.

What's more, most FS organizations continue to maintain organizational structures with hierarchical command structures, specialist skills housed in inflexible departmental siloes, and an outlook focused on fixed costs and fixed skillsets. Local and global regulations or, in some countries, trade union opposition, may limit an FS organization's ability to recruit skills from talent sources such as LaaS platforms.

Many FS HR practices, too, have not evolved from the days of a job-for-life. For example, many managers and HR teams focus on developing detailed, rigid job specifications that assume the employee's role will remain fixed for the long term—when they should be envisioning employees shifting roles and projects throughout their careers. They should also be focusing on the employee experience, and developing career mobility. Currently, they look to the same recruiting agencies or internal resources, rather than scouting for talent in new grounds.

Finally, with many FS organizations resizing and reskilling their workforces as they focus on digital channels rather than brick-and-mortar and contact centers, workers have already endured profound change over the past five years. Fear of further change runs high among many FS workers and it is a tough ask for them to become adaptive. Around 74 percent of FS executives in our Change Survey for 2017 said that fear is a barrier to change.¹⁵

Shifting this picture will demand that senior executives and HR partner to reshape the culture, implement appropriate collaborative and knowledge sharing platforms, and examine their own biases. For example, should senior executives always look to hire people just like them and expect them to work in the same way they did as they moved up the organizational ranks?



of FS organizations believe their corporate bureaucracies are stifling productivity and innovation.¹⁶



of FS executives agree that organizations are under extreme competitive pressure to extend innovation into their workforce and corporate structure.¹⁷

HUMAN INGENUITY + TECHNOLOGY = INNOVATION: A C-SUITE CHECKLIST

The velocity of technology change is surpassing the potential productivity boosts it should be creating. On the workforce side of the organization, most companies have some catching up to do. The good news is, human ingenuity and technology are making it possible.

To create your company's path to greater productivity and innovation via talent:

Take stock of change gaps and use technology to predict tomorrow.

Look at your business objectives. Then, leverage predictive intelligence to understand your skills needs now and over time.

Some factors to consider include:

- New skills and roles such as data scientists.
- Mixed talent pools, underpinned by labor-as-a-service platforms and an understanding of internal, freelance and on-demand workers' skillsets and availability.
- Intelligent automation (bots and robo-advisors) to augment people and processes.
- Design thinking to continuously re-imagine products and services through the lens of the customer.

From the traits and behaviors that make for a successful leader at your company, to how to tap into a growing freelance pool, leadership teams must consider how to address the new normal. FS companies which have not already done so should invest in a common global data model, shared global jobs and strategic workforce software tools. This will put them in a stronger position to leverage predictive analytics.

Align the business vision with the workforce/talent strategy.

Continuously reskill your people to create a sustainable workforce—in the process, emphasizing human strengths in the collaborative relationship between people and machines.

Realign the organizational culture and behaviors with the new workforce and talent strategy.

FS employers need to be clear on the behaviors that they need their staff and leadership to adopt as they foster new ways of working.

Expand the concept of a workforce.

Creative sourcing of talent must now include digital platforms, as well as creative engagement with talent ecosystems. Savvy organizations will create physical and virtual networks to facilitate community building, deliver access to valuable skills training, generate feedback and create access to potential new roles and projects.

Extend the employee experience beyond traditional boundaries.

Your future workforce is a combination of full- and part-time employees, freelance talent and ecosystem partners. Organizations need an approach for integrating all types of new talent, expanding collaboration and integration, and creating a consistent experience.

Cultivate development and reskilling as currency.

Today, in-demand skills rotate with more frequency, while the advent of talent marketplaces has the individual poised to interact with more companies than ever before. To that end, training, mentoring, coaching and reskilling will become a currency—as critical as providing a paycheck—and employers will be differentiated by their ability to deliver against that demand.

Build a strong risk and governance foundation.

The adaptive workforce should be built on robust risk and governance measures that: establish executive sponsorship and decision-making forums; define the rules of the adaptive workforce model; ensure accountability; measure and manage performance; and ensure that regulatory requirements are met.

DESIGNING AN ADAPTIVE WORKFORCE DEMANDS FOCUS AND COMMITMENT.

The implications of the demographic and technology trends shaping businesses and the workforce are profound, yet FS organizations have been slow to respond.

There is no time to sit back and wait for events to unfold—now’s the time for urgent action. No one-size-fits-all approach will work for every FS organization, but the common thread will be a focus on using technology to amplify workers’ potential.

The living FS businesses of the future will adhere rigorously to sound risk management processes and global and local regulation, yet will relish change and value innovation. Such companies will recognize the potency of ecosystems and have the energy to keep pace with their customers, no matter how their needs evolve. These living FS

organizations will respond effectively to disruption, not only as a threat, but also as an opportunity to ensure their prosperity far into the future.

Like Henry Ford, they will not simply assume that their workforce will keep pace with rapidly transforming technological advancements. They will purposefully design their adaptive workforce to keep pace with these changes. They will use data to predict and model what the future will look like so that they can prepare their workforce.

Technology plays an important role but the real key to workforce agility lies in a strategy that puts people and culture first, enabled by technology—to amplify workers everywhere.

Creating an adaptive workforce that can enable future success will require a concerted, well-thought-through and sustained effort. To help you plan your transformation, feel free to contact the authors of this report – their details are on the next page.

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