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Workforce of the Future:  
Dealing with Business Change  
and the Millennial Challenge

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# Workforce of the Future: Dealing with Business Change and the Millennial Challenge

01

## In Short

### Typical Challenges in Attracting and Retaining the Best Talent

**RECRUITING  
STRATEGY  
CAPABILITY  
JOB DEVELOPMENT  
CHARACTERISTICS** **CULTURE  
ENVIRONMENT**

### After Salary and Benefits, 2015 Graduates Value

**39%**

interesting and  
challenging work

**37%**

flexible work hours

**34%**

opportunities for  
rapid advancement

### Take Action



Foster an innovative and dynamic image to attract and retain the workforce of tomorrow.

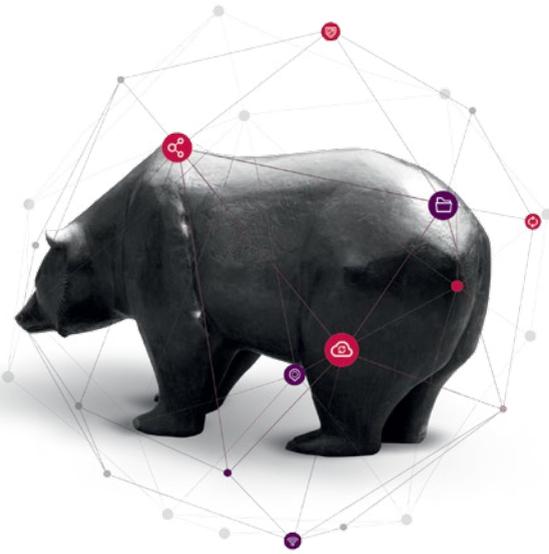
The transforming investment banking industry needs to answer several critical questions about its workforce. In the wake of advances in technology and stiffer banking regulation, which has led to increased transparency, past sources of competitiveness and return on equity have largely eroded. Banks are now looking for new ways to deliver value to clients and create a new competitive edge.

In the search for differentiation and drive to digitize the industry's value chain, the nature of banks' work is changing—along with the skills required to deliver those services. That is particularly true for front-office and information technology (IT) personnel.

As banks assess their evolving role(s) and the core skills of their employees, they must also consider broader questions about their workforce. Most banks currently rely on a quickly aging group that will turn over within a few years and needs to be replaced with millennials. How will banks attract, retain and reward new talent, considering that the early career goals of many millennials do not align with the business models of banks?

Also as banks increasingly leverage external workforces with valuable—but not core—skill sets, they need strategic, organizational governance to answer the following questions:

- Which skill sets are critical and must be entrusted to internal workers, and which tasks can be delegated to an extended workforce?
- Should banks have equal career-development obligations to both internal workers and the extended workforce?
- How can an organization empower its leaders to drive results with disparate workforces?
- What is the role of human resources in this overall workforce transformation? Can the talent management function become a true partner for the business, enabling it to develop workforce capabilities and agility?



## Evolving roles

As a concrete example of the changing skills and competencies of the investment banking workforce, consider Accenture's outlook on how the roles of traders and IT professionals may evolve.

Increased regulation is standardizing the role of traders, necessitating a broader skill set and potentially a different compensation package. The traders of tomorrow will be responsible for supervising largely automated trading activity, overseeing asset liability management and maintaining client relationships. As self-service trading continues to grow in popularity, the need for specialized traders is expected to decline. Equity traders will need to become proficient in dealing with related derivatives, and those trading corporate bonds will require expertise in municipal bonds.

### Typical challenges investment banks face in attracting and retaining the best talent:



#### Recruiting Strategy

Recruiting the right people with realistic expectations



#### Capability Development

Shaping how people build their skills over their first several years in the workplace



#### Culture Environment

Focusing company culture towards new workplace preferences: work-life integration, philanthropy, opportunities for development and advancement



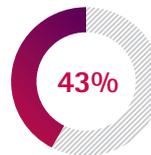
#### Job Characteristics

Providing transparent, interesting and challenging job opportunities

### How can organizations address these challenges?

Conduct a talent capability assessment in order to:

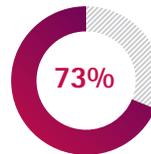
- Assess and prioritize gaps and potential areas of value
- Develop targeted programs and action plans to address an organization's biggest areas of concern on a targeted timeline



Over the past few years, 43% of brokers have shrunk their sales-trading workforce, but many are handling the same trading volumes by leveraging technology



Next generation communication trends such as instant messaging, group chats and social media can create a more robust mosaic of information for self-directed buy-side trading



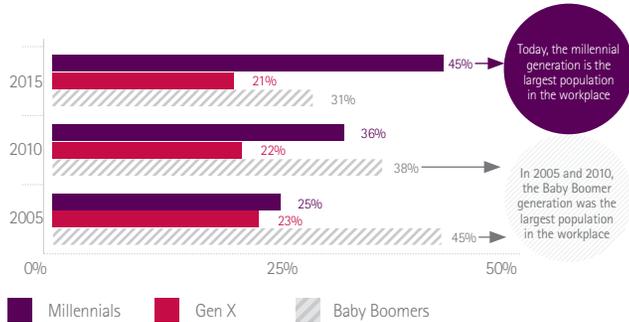
73% of buy-side participants are using trading cost analysis as a method of identifying high-performance trading algorithms to direct trades

Source: Accenture Research

Significant change is expected in technology workforces too. The business-facing role of IT will become more important as revenue-generating IT staff increasingly move to the business side. As the lines between IT and the front office blur, the front office will need to develop skills in analytics, machine learning, electronic trading and alternative messaging protocols, such as the Financial Information eXchange (FIX), the Society for Worldwide Interbank Financial Telecommunications (SWIFT) and the Bloomberg instant messaging system.

The convergence between IT and the front office, along with the disappearance of commodity IT roles in favor of cloud computing, will lead to smaller IT departments. New IT roles will emerge in service integration, and cloud and client relationship management—roles where softer skills and the quality of personal interaction will be considered more important. At the same time, banks must determine how to deal with legacy technology that is still mission critical—a problem complicated by the fact that legacy technologists are retiring and being replaced by millennials who have a different technology literacy.

## Generations in the workplace



**For a successful work environment, each generation must understand other generational preferences and strengths**

Source: The 2015 Millennial Majority Workforce. Bureau of Labor Statistics Employment Projections

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Retaining the knowledge that is walking out the door and incorporating it into a digestible training model for a younger workforce will be essential.

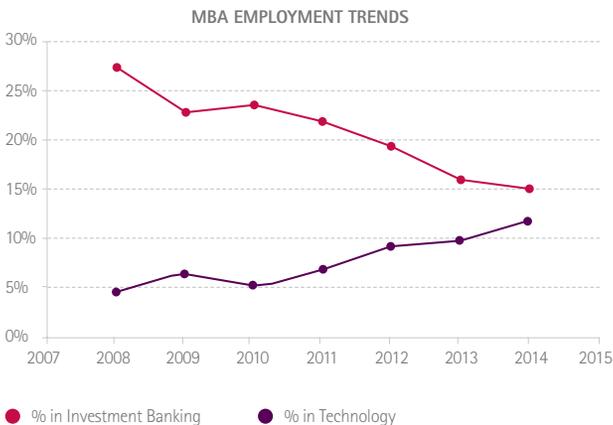
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## The millennial challenge

Retirement throughout the workforce—not just in IT—poses a major challenge for banks. Today, between 60 and 65 percent of employees are older than 40, with millennials accounting for a majority of the remainder. In three to five years, those percentages will flip. Retaining the knowledge that is walking out the door and incorporating it into a digestible training model for a younger workforce will be essential.

A significant complicating factor is that investment banking has become a less desirable career choice for millennials than it was less than a decade ago. Accenture research shows that among MBA graduates from two top US business schools—the University of Pennsylvania and Columbia University (both of which have had a strong finance focus historically)—investment banking as a career choice fell by nearly 50 percent between 2008 and 2014.

## Declining interest in a career in investment banking

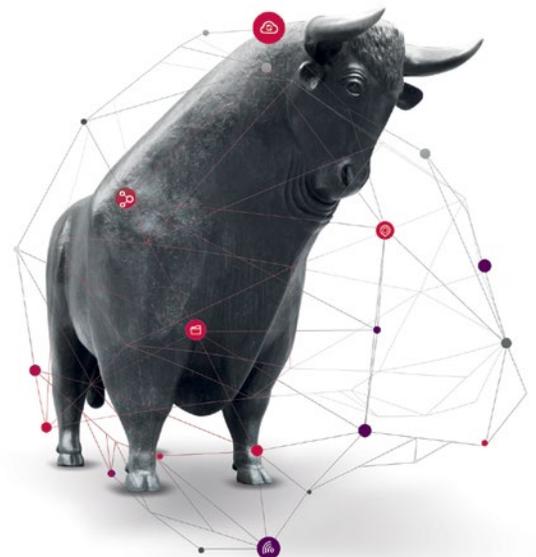


Source: Accenture Research

During that same period, the percentage of MBA graduates who chose careers in the technology industry tripled. These figures suggest that banking's once-dominant appeal over the tech industry has evaporated as millennials are willing to sacrifice some compensation for the opportunity to be part of a small, agile, team-based workforce.

As the wave of retirement approaches and the challenge of attracting millennials looms, banks face a widening skills gap. To close that gap while keeping costs under control, investment banks are following in the footsteps of companies in other industries and increasingly relying on an extended workforce.

Accenture research shows that 82 percent of all organizations use part-time workers, freelancers, contract employees and consultants. Of course, determining which skill sets are core to an investment bank's value chain and technology needs poses its own challenge for each institution. In all cases, however, articulating and documenting the investment bank's brand value will become more pervasive.



## Millennials rank challenging work and flexible hours as the most important components of a job (after salary and benefits)



■ 2015 Grads

■ 2013/2014 Grads

Source: Accenture Strategy 2015 College Graduate Employment Study

## Changing workforces, changing needs for training and leadership

The depth, breadth and complexity of the workforce of the future for investment banking will bring a number of entirely new challenges. Managing talent will take on a whole new dimension and require different and innovative practices. Behavioral change needs to be embedded in managers to enable the right cultural shifts in this rapidly changing environment. Managers must be equipped to manage the external workforce through intermediaries or digital toolsets.

Banks must decide how much they are willing to invest—if at all—in the career development of their extended workforces. Management may be resistant to the idea at first, but as the extended workforce becomes a larger percentage of the overall workforce, broad-based training and incentives will become increasingly necessary for executing changes in products or culture, and ultimately driving success.

At the same time, managers will have to consider the physical environment and daily work practices for in-house resources, who will be dwindling in numbers and collaborating with more dispersed and transient colleagues.

## A new era for talent management

The evolution of the workforce will put pressure on banks' talent management in numerous ways, necessitating that it evolves from an administrative function to a true partner of the business. Banks need to ensure that talent management is equipped to:

- **Attract and retain workers**—particularly millennials, who are drawn to small, agile companies. Work will have to be organized into bite-size projects with multiple internal clients, since millennials want a variety of professional experiences early in their careers. Banks will need to offer young professionals a career network rather than a career ladder. In addition, banks will have to consider offering benefits package options to suit varying personal needs.

- **Establish a roadmap of required skill sets** that is flexible and transparent (e.g., an open-sourced crowdsourcing approach to skills validation).
- **Answer extended workforce questions on career development.** Given the number and type of skills that banks require from their extended workers in the future, talent management has a role to play in facilitating training and career advancement for these resources. The talent management function will become the coordinator, not the owner, of this workforce's talent development.
- **Use human capital analytics.** Talent management has more human capital analytics available than ever before. The challenge is to determine which data to capture and how to use that data to effectively manage employees, realize an optimal return on human capital and identify future investments.

## Conclusion

The various workforce issues laid out in this challenge also represent opportunities. By adopting a focused and flexible workforce strategy, and developing an organization that is customer-focused and digitally capable, an investment bank can build its brand, both internally and externally.

Creating an environment that allows for employees to create their own career brand across functions, while at the same time fostering work-life integration, innovative work environments, opportunities for challenging work and opportunities for advancement, is critical. Additionally, digital innovations will require the workforce to be more diverse and agile in terms of adapting to new roles over time, and banks will need to focus on hiring those with broader skill sets. Banks will need to foster an innovative and dynamic image to attract and retain the workers they want.

## About Accenture

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions—underpinned by the world's largest delivery network—Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With approximately 373,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at [www.accenture.com](http://www.accenture.com).

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