

Creating a Sustainable Workforce

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Duke Energy

“Give new employees an appreciation for their company. Make sure you spend the time necessary to orient them. Don’t short-change that. Give them some pride in the company that they are working for. Let them see what it is all about.”



Staff Planning and Recruiting  Annapolis, Maryland  October 18-19, 2007

H-1404  IT Workforce Forum

The Information Management Forum

In 1975, five forward-thinking CIOs sat down to lunch in New York to discuss a common problem. Their challenges were growing far more complex, and the available sources of information were either sponsored by vendors or were vendors themselves. This group had a vision—they could foster peer-to-peer learning in a strictly vendor-free environment.

There were only a handful of IT vendors and products in the '70s. Over the years, the number of IT solutions soared—three solutions for every problem and ten vendors for every solution. Vendor-sponsored networks and research companies proliferated and filled the IT landscape. But The IMF stayed true to its roots, and today operates much as it did in 1975—strictly vendor-free! Our goal is to be the best source of experiential data in IT for a select group of members.

The IMF offers to its members:

- Use of IMF Forums for Leadership Development for their entire IT Organization, as well as for the HR functions that support IT. Forums are kept small and interactive, and include dozens of meetings and Web Forums that enable direct peer-to-peer interaction on topics of broad interest.
- IMF Connect forms ad hoc focus groups to answer specific questions. Our members tap the experience of their peers to get answers to challenges that they are facing within their own organizations. The IMF facilitates and project manages these discussions and produces final summaries for our busy members.
- IMF Reports provide a rich archive of real-world experience participants can draw on as they address their issues and challenges. More than 900 reports covering the full spectrum of IT issues and challenges are available online.
- IMF Benchmark Forum allows unlimited, on-demand access to benchmark data to be used for comparative business analysis.

We are here to serve you. Our best members use us as an extension of their staff to achieve their goals. For more than thirty years, the one constant remains: We have no motive other than our members' success.

Please enjoy this report and let us know what we can do to help you succeed in your career.

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Summary

Terri Alsop shows current statistics on the actual numbers of Baby Boomers, Generation X-ers and Baby Boomer Echos that comprise these generations. She discusses the characteristics that define each generation to help you design programs that resonate with each group, especially since the Echo generation, a group larger than the Baby Boomers, has started to graduate from college. Terri shares two programs at Duke Energy that have appeal across the generations. Current trends have somewhat reversed, and the average retirement age at Duke is moving from 58 to 60 years old. Terri focuses on what it means for your corporation that Baby Boomers have decided to stay in the workforce longer.

Biography

Terri Alsop has worked with Duke Energy for 37 years in various capacities, from fossil plant maintenance management to Information Technology (IT) Help Desk Manager to Manager of Customer and Power Delivery application support. She is currently the Director of IT Workforce and Talent Management. A graduate of Queens University, Terri and her husband live in Charlotte, North Carolina.

Mission Statement

The IMF is the best source for unbiased, shared information in IT. We provide the highest quality personal service for a group of select members and work to be the best value in their IT budget.

Creating a Sustainable Workforce

Introduction

Duke Energy is headquartered in Charlotte, North Carolina (Figure 1). We are based in North Carolina, South Carolina, Ohio, Indiana and Kentucky. We have almost four million customers and 28,000 megawatts of capacity.

Agenda

I will discuss understanding the workforce in relation to the generational differences between the Baby Boomer, the Baby Bust and the Baby Boomer Echo generations. I will discuss the traits of each and how to work with them. I will provide some statistics from perfectlaborstorm.com.

Then, I'll cover what we are doing at Duke Energy to create a sustainable IT workforce.

According to the work done by William Strauss and Neil Howe in their book *Generations: The History of America's Future*, throughout the history of the United States, four generational patterns have repeated over and over again. There is the idealist generation, which in current times is known as the Baby Boomer generation. There is the reactive generation, which in current times is the Baby Bust generation. The civic generation is this next generation coming up today.

They are the Positive Builders. The previous civic generation was the GI generation that built many of the institutions we have today. Lastly is the adaptive generation. The generation born right before the Boomer generation, the Silent generation represents at group. The adaptive generation is reinforce the institution put in place by civic generations. The only time that this pattern of four generations did not hold true was right after the Civil War, and we skipped over having a civic generation.

Our Workforce

I will first discuss the Baby Boomers (Figure 2, page 4). There are 78 million Baby Boomers born between 1946 and 1964. They are currently between 43 and 61 years old.

Baby Boomers: The Children of Causes

The Baby Boomers were influenced by the Vietnam War and the Civil Rights Movement (Figure 3, page 4). They are children of causes. They experienced the assassination of our idealistic leaders, Woodstock, Watergate and Apollo 13.

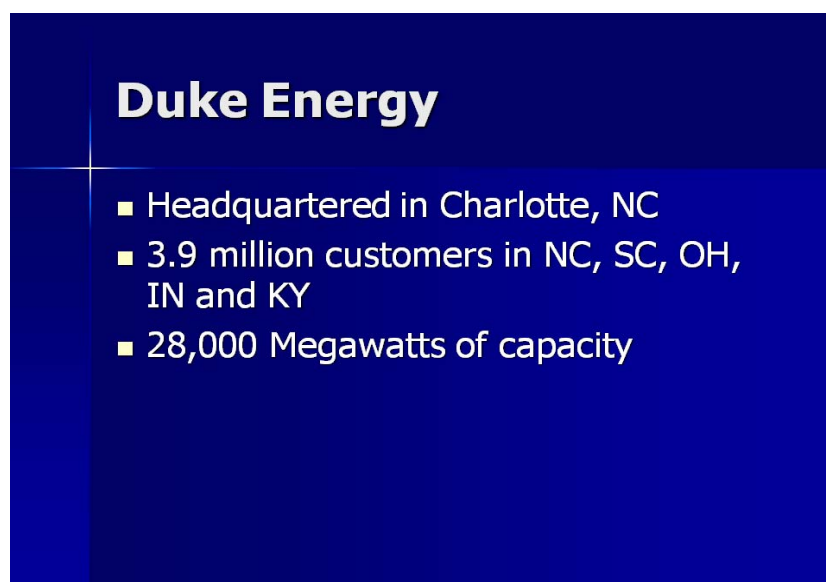


Figure 1

Our Workforce

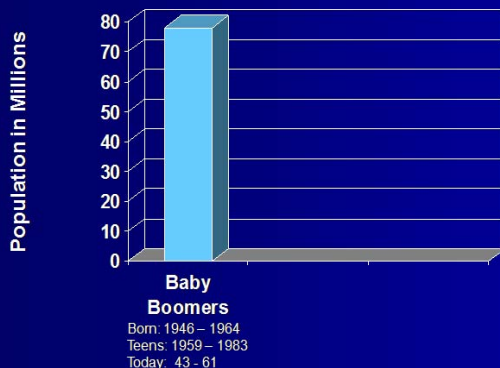


Figure 2

Baby Boomers: *The Children of Causes*

- Vietnam War
- Civil Right Movement
- Assassination of Idealistic Leaders
- Threat of Nuclear Annihilation
- Widespread Protests
- Woodstock
- Watergate
- Houston, we have a problem

Figure 3

Baby Boomers: Traits

The Baby Boomers are the people in power right now (Figure 4). The first of this generation just turned 60, and our last two Presidents were Baby Boomers. They

are independent and anti-authoritarian. They are socially idealistic and are workaholics. Baby Boomers invented the 60-hour work week. They are economically optimistic and competitive.

Baby Boomers tend to be defined by their careers. If you ask them to tell you a little about themselves, they will generally tell you about what they do for a living instead of their hobbies or interests.

Working with the Baby Boomer Generation: Building a Stellar Career

The Baby Boomers are trying to build stellar careers (Figure 5). It is important to tell them why their task is meaningful. Since they are people of causes they want to make a difference. They want to know that what they are doing is adding value to the company or to someone.

Baby Boomers respond to having responsibility to others because they need to differentiate themselves and are competitive. They are motivated by attention and recognition but not necessarily in the same ways. Some of them like to be recognized in public, and others do not. However, they all like receiving recognition in some form when they've done a good job. They don't take criticism or give feedback especially well. It is a good idea to train them how to give feedback. They need flexibility, atten-

tion and some modicum of freedom because they are relatively anti-authoritarian.

Our Workforce

Next is the Baby Bust generation, so named because only 44 million people were born in the United States to replace 78 million Boomers (Figure 6, page 6). That is one reason why we had a hard time finding people to fill all the jobs in the last couple of decades. It wasn't that people of the United States no longer wanted to go into math, science or IT. There were only half as many people going to go into those careers. When there are only half the number of people, companies have to start contracting and looking overseas to find people to do the jobs. The Baby Bust generation contributed to the need to offshore and a good reason why university attendance has been depressed for the past several years.

Baby Bust: "Friends" Generation

This is called the "Friends" generation, not necessarily because of the TV show even though it is a good example of this particular generation (Figure 7, page 6). For this generation, there was a sig-

nificant increase in parental divorce. They looked to their friends as constants in their lives as their families broke apart. Their parents became unemployed. They were watching their parents get laid-off after working for the same company for 25 years.

What did that tell them about how loyal they should be to companies when they go to work? They were latch-key kids. They came home after school to an empty house because Mom was at work. On a positive note, they saw the end of the Cold

Baby Boomers: *Traits*

- The people with the power
 - First group turned 60 last year
 - Last 2 US Presidents—Boomers
- Independent—Anti-Authoritarian
- Social Idealism
- Workaholics
- Economically Optimistic
- Competitive
- Tend to be Defined by Their Careers
- Want to 'Make a Difference'

Figure 4

Working with the Baby Boomer Generation: *Building a Stellar Career*

- Tell them why their work (task) is important
- Respond to responsibility to others
- Motivated by attention & recognition
- Do not take criticism nor give feedback well
- Need flexibility, attention, freedom

Figure 5

War along with Internet growth. They were the first generation that was truly comfortable with computers as they were growing up. They also saw the Challenger explosion. Instead of seeing the heroes in space being

brought back like Apollo 13, they saw them blow up live on TV.

Participant: I've read that people who were born near the end of the Baby Boomer generation are

adapting to the behaviors of the "Friends" generation.

Alsop: That is true. You could almost say that there are two sub groups among the Baby Boomers. The first is the Mickey Mouse generation, and the second part has Watergate and some similar experiences in common with the Baby Bust generation. Often, when a person is on the cusp, you will see some overflow. Remember these are just trends. You might know many people who don't have any of these characteristics.

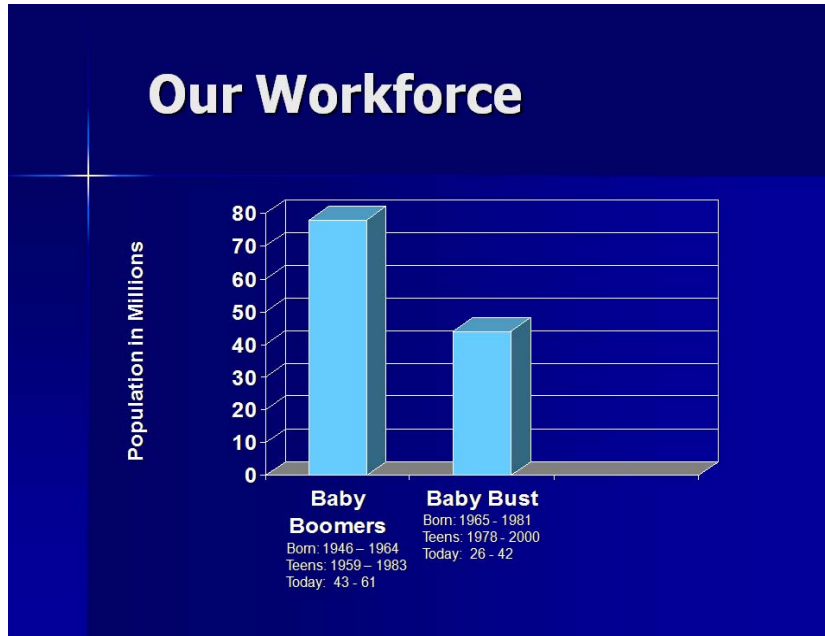


Figure 6

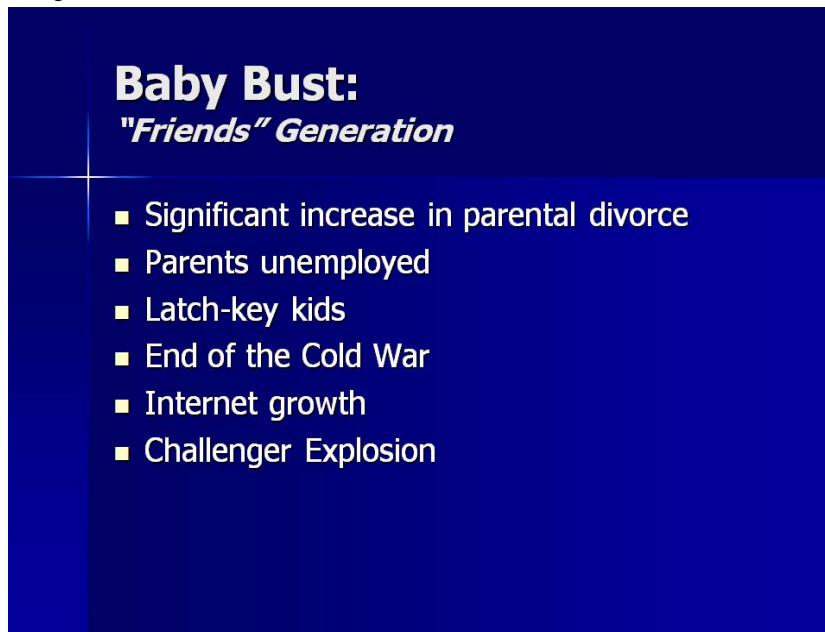


Figure 7

Baby Bust: Traits

Because they were latch-key kids and often saw a parent laid-off, they are fairly self-reliant (Figure 8). They are technically savvy. They are skeptical, untrusting and anti-institution. Think about some of the movies made while these kids were growing up. There were movies like *The Omen*, where children are evil rather than being the bright spots that they should be in our lives. It was a dry patch in our history concerning how we treated children and what happened

to them. It caused many of them to be skeptical and untrusting.

Members of the Baby Bust generation are resourceful and hardworking because they had to make their own way while growing up. They do make time for their outside interests because, again, they are not going to give their heart and soul over to their company. They like quality and not quantity. This might be the first generation that have homes much smaller than their parents, although what they put in their houses will be of the best quality. They will change companies to get ahead. As a matter of fact, they were probably told in

college that they need to move jobs every three to four years. They move in order to get ahead.

Question: Is that because companies don't have the loyalty that they once did?

Alsop: Yes, but the companies don't have that loyalty because there were so few people that they had to find another strategy. The workforce itself influences corporate strategy and if the workforce isn't there, corporations must adapt.

Participant: Very few companies are now offering a pension. Many that did will honor it for those who had it, but they aren't giving it to anyone

who comes in now. The message is that you have to take care of yourself. Just a couple of generations ago, the message was that if you stay here forever we will take care of you well beyond retirement. Companies don't do that today.

Alsop: You are right, many companies send that message. Because the Baby Bust generation's families were more mobile going from job to job, their friends became their family. I grew up in Illinois and all over the United States. I had one child, but I grew up with four siblings. My family is now spread all over the country. My son didn't have the opportunity to have a lot of family around, so his friends became his family.

Baby Bust: *Traits*

- Self Reliant
- Technically Savvy
- Skeptical; Untrusting; Anti-institution
- Resourceful and hardworking, but will make time for outside interests
- Quality not quantity
- Will Change Companies to Get Ahead
- Their friends are their family

Working with the Baby Bust Generation: Building a Portable Career

The Baby Bust generation is building a portable career that they can move from one place to another (Figure 9, page 8). If you don't provide it within your company, they will find it for themselves by moving to a different company.

Figure 8

They don't mind direction, but they do not like intrusive supervision. They like feedback, but they do not depend on it. Give them some space, and get over them having to pay their dues. You need to move and develop them even though it took you 15 years to move within your company. They don't need to be in one place for 15 years; they won't stay. They expect to have a work/life balance. For them, overtime is 50 hours a week. Overtime for Baby Boomers is 70 hours a week because 60 hours is their norm.

Our Workforce

Next is the Baby Echo generation (Figure 10). In North Carolina, there are so many people in this generation that we can't keep up with the demand at our elementary and high schools. We have trailers parked all around the schools. That is because of the Echo Boomer generation. There were 80 million people born between 1982 and 1997. Some people say that this particular generation actually goes to 2003, which would up the number to 100 million. We have large numbers of kids moving through the school system who will soon be ready for the work-

Working with the Baby Bust Generation: *Building a Portable Career*

- Don't mind direction but not intrusive supervision
- Like feedback, not dependent on it
- Give them space
- Get over paying dues
- Give them a work/life balance

Figure 9

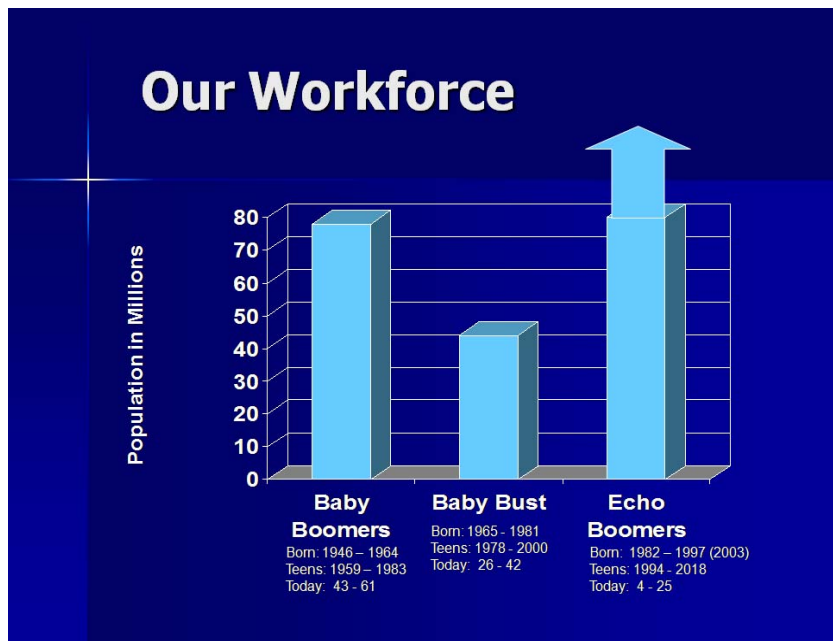


Figure 10

force. The first of this generation graduated from college in 2006. In about five years, you will start seeing the same phenomenon as with the Boomer generation. All you have to do is Google Echo Boomers, and you can

find a wealth of information. The universities around Charlotte, North Carolina say they are seeing an explosion of enrollment but not necessarily in the IT field. One reason may be because of corporations having out-

Echo Boomers: *Positive Builders*

- Terrorism
- School Violence
- Global Warming
- Pro-child
- Highly Protected

Figure 11

sourced many jobs overseas. It will behoove corporations to work with universities and high schools to let kids know they will be hiring again if they will go to school and take IT courses.

Echo Boomers: Positive Builders

We don't know much about this generation yet or exactly what they will look like. However, from the pattern dating back to the beginning of the United States, we can speculate on what will happen.

Figure 11 lists some of their influences. Terrorism, school violence and global warming have influenced them. However, they grew up in an ex-

tremely pro-child environment. They are highly-protected. These kids have high self-esteem because we dote on them. We don't let them experience competition and failure. In the sports they play, every kid gets a trophy. This is a very protected, cherished generation.

Question: Do you have any information that tells us what effect immigrants have on this? When did that trend truly begin, and how will that affect this?

Alsop: From my research, these are the birth statistics in the U.S.

Participant: There are two pieces to it. There are the people who were born

here, and there are the people who are actually here. There is also the phenomenon with Baby Echo with immigrants having children here. That drove up the number of people born here during those years. That will affect some of the traits because they are raised with different beliefs and values, etc.

Question: How do you work with high schools? I haven't seen that public education has delivered change. For example, we are still primarily a one language nation. In Europe, kids learn several languages. We should teach them more when they are young and open to the global economy.

Alsop: In Charlotte, North Carolina, we have Tech Connect in the high schools. It is much like the debate club or the French club, but it focuses on technology. It was originally funded by the corporate community's technology budget. The kids sign up for it and are given paid summer jobs where they learn about technology. We have several people at Duke who teach some of the after-

school programs. It has contributed to the enrollment in IT at University of North Carolina at Charlotte and Johnson C. Smith and Williams University in the Charlotte area.

Charlotte also has something called Girls Rule, which starts at the middle school level. We try to get girls interested in engineering and technology. People from Duke Energy participate by speaking at their clubs as well.

Corporations have created the policies and structures that we currently have. It is up to us to figure out how to undo that. I encourage you to get together with other companies in your area to see if you can do something to influence the situation. Schools can't do it by themselves.

Participant: There is a National Academy Foundation that establishes IT career academies throughout the nation. The organization was started by someone at Citigroup. They have an influence on curriculum development and are trying to teach to what companies need when the kids graduate.

Participant: Citigroup sets much of that up in particularly underprivileged areas.

Participant: The first academies were finance. Then, they had travel and tourism. Now they have IT and maybe a few more at this point.

Participant: One IMF member started Tech Divas in San Diego. She started at her Girl Scout troop and expanded it to the San Diego Girl Scout community to get young girls involved in technology. That is an interesting way to approach it.

Question: When you say this generation is pro-child, what exactly does

that mean? Do they look forward to having families?

Alsop: No. It refers to the environment in which these kids grew up. In today's movies, children are smart, nurtured and loved. TV shows are the same. The environment they are growing up in is pro-child versus the previous generation, which wasn't a pro-child environment in general.

Question: We've talked about kids being technology-savvy, but have you seen much about their broad view of the world? It seems like they have much more interaction with people across the globe.

Boomer Echo: *Traits*

- Most Comfortable with Technology
- Eager to Learn—Enjoy Questioning
- Confident with High Self Esteem
- Collaborators and Favor Teamwork
- Likely to Change Careers
- Family-Centric

Figure 12

Also: They will be very world-savvy, especially with today's emphasis on global warming. They are going to understand what previous generations have done out of ignorance to our environment.

Boomer Echo: Traits

The Boomer Echos will be the generation that is most comfortable with technology (Figure 12). They've had cell phones since they were five or six. They are eager to learn, and they enjoy questioning. They are confident and have high self-esteem. They are collaborators. Remember this is going to be the civic builder generation. They are analogous to the GI

generation that got us through WWII. They favor teamwork versus working independently. They are likely to change careers and not just move on to another company. They might be in IT today and in music tomorrow. The sky is the limit as far as what they can do. They are very family-centric, and they will take those family-centric values into the workforce. They may want to join a company for the rest of their lives if possible.

Question: Have you seen the implications of the clash between values and traits of this generation versus prior generations that are more senior in

companies and not necessarily thinking about collaboration or teamwork?

Also: Duke Energy emphasizes collaboration, so there won't be a conflict for the generation coming in. However, remember the first of this generation just graduated from college in the last year or two. I don't know that we have enough data to know exactly how this generation will interact with the other two.

Participant: Confidence and high self-esteem are traits of the previous generation as well. Sometimes when I have employee issues, I wish they didn't have quite so much self-esteem.

Also: Don't mistake self-reliance with self-esteem. The previous is very self-reliant. Don't mistake that for this new nurtured group.

Working with The Echo Boomer Generation: *Building Parallel Careers*

- Spend time on orientation—They want family, to be a part of something
- Challenge them—Unprecedented variety
- Ask their opinion
- Find them a mentor
- Provide timely feedback
- Take diversity management to a new level

Working with The Echo Boomer Generation: *Building Parallel Careers*

Where Boomers want to build a stellar career and Baby Busts want to build a mobile career, these people want to build parallel careers (Figure 13). That means they will jump from technology to

Figure 13

something else. They are interested in many things because they had no limitations put on them concerning what they could and couldn't do.

Participant: I heard a statistic predicting that college graduates will now have five careers in their lifetimes and an average of 20 different jobs.

Alsop: To work with this Baby Echo generation, spend time on orientation. They want to feel like they are a part of a family. Challenge them. Give them variety so they feel like they have different careers going on. Ask their opinion. They want to feel valued. They have high self-esteem, so they feel like they have something to contribute. Find them a mentor. They love Baby Boomers and that idealistic generation. That's how it works and has worked generation after generation. In modern times, the idealist generation was the Baby Boomers. The builder or civic generation, which is this generation, looks to them for what to build. Provide them timely feedback. They want to know

when they are doing right and when they need to correct their actions. Take diversity management to a new level with them. They are the most accepting of any generation yet.

Question: What do you predict would be the downfall if you paired them with a mentor from the Baby Bust generation?

Alsop: As long as the mentor understands generational differences, it would be fine. But remember, you can't take this literally at the individual level. If you have someone from the Baby Bust generation who would be a terrific mentor, go ahead and pair them up. In general, the

Boomer Echoes are going to get their inspiration from the Baby Boomers.

Interesting Statistics

I chose some statistics from perfectlaborstorm.com (Figure 14). How many of you are overtired or overstressed from your job? Do you know what presenteeism is?

Participant: It's when people show up to work but aren't mentally there.

Alsop: If you have a corporate culture that says you must be there between 8 and 5, people will stretch out the amount of work they do to fill up those hours. That is presenteeism. I am here be-



Figure 14

cause my corporate culture says I must be here so my boss can see me. The Manager is managing behavior rather than managing results. Eighty percent of productivity loss is due to presenteeism.

Participant: Although it says the number one reason people leave their jobs is lack of advancement opportunity, it seems to be lack of fulfillment.

Alsop: Managers often don't know how to manage for results.

Things to Consider

Here are some things to consider (Figure 15). First of all, understand your demographics in creating a sustainable workforce. Figure out whether or not you are in trouble. At Duke, we took a look at our age distribution within roles. We figured out what our overall attrition was. Our attrition rate for employees in their first five years is higher than we want it to be and we are trying to manage it down. If we can keep them longer than five years, the attrition rate goes down to two percent. Our overall attrition rate is about three percent. Know your overall attrition rate along with what it is for your new hires. Don't just look at college hires; look at your hires across the board.

Things to Consider

- Understand: Demographics
 - Are you in trouble?
 - What is your overall attrition rate?
 - What is it for your newest hires?

Figure 15

Is this Your Age Distribution?



Figure 16

Is this Your Age Distribution?

Figure 16 illustrates Duke Energy's overall age distribution. If we laid IT over this, it would look almost exactly the same. We are going to have a problem in the not-too-distant future if we don't do something to increase the 20 to 29 and 30 to 39 age groups and keep them. Take a look at your distribution. This is probably typical for

corporations across the U.S. because we just haven't had the people to hire and because technology has allowed us to do some downsizing and replace people with technology. At Duke, we haven't had the need to hire, and we are just beginning to do it again within the last few years. We are relearning how to recruit, interview, hire and onboard.

Things to Consider

Understand your demographics (Figure 17). Understand the advantage of delayed retirement. The previous generations tended to retire a little bit earlier than the Baby Boomer generation. There are two big reasons

that the Baby Boomer generation is retiring later. One is that retiree benefits are not as good. The second reason is that the Baby Boomer generation is defined by their careers. What are they going to do with themselves? At Duke we have already seen in the last two years that the average age of retirement has gone up two years. As more Baby Boomers get to that age, they are going to continue working longer and may even work until they are 70 or 72 years old. Know that you have this asset in your Baby Boomers.

Identify the critical resource knowledge that they have, and begin that knowledge

transfer. That is going to be a big trend in the future. Invest time in how to do it well. There are all kinds of programs you can buy to help you to transfer knowledge, but you don't have to buy expensive software to put a program in place.

Investigate your attrition. Know the employee segment that is leaving. As I mentioned at Duke, we need to focus on those people who have been with us for five years or less. Your segment may be two years or less or ten years or less, but find out where the attrition is happening and why it is happening. Conduct exit interviews. The number three reason people are IT where I work is because they can get more money up the street. The second reason is that they can get better benefits, flex time and perks up the street.

Participant: When people say they are leaving for more money, it is often such a small amount that I question whether that is the true reason. Money seems to be a convenient excuse.

Things to Consider

- Understand: Demographics
- Advantage: Delayed Retirement
- Investigate: Attrition
- Change: Corporate Culture
- Engage the workforce

Figure 17

Participant: It is often tied to their view of how they are valued. They are taking a chance because they think a new employer believes in them, and they don't feel that at their current job.

Participant: If you can identify why people work and meet that inner need, they will stay longer. Often, by the time they've submitted a resignation they've been unhappy for awhile. That doesn't help you. However, if we were to spend more time understanding who our people are and why they work in order to meet that deeper need, they will stay.

Alsop: It's not just why they work but what fulfills them in their work. Where is their talent? What is their gift? IT has a wide variety of things that people can do. It may be that I am stuck in a coding job, but what I like is working on networks. Find what excites an employee because that is usually where their talent lies. That is where you should invest money in your people.

The number one reason people leave IT at Duke is

because they didn't understand our culture or feel like they had advancement opportunities. They saw people who had been at Duke for 20 or 30 years holding them back. There was a ceiling of people that they couldn't see themselves bumping through, so they went somewhere else where they thought they had more opportunities.

Participant: A big issue for people in the federal government is their experience with immediate Managers.

Alsop: That did not come up in our top three, but we all know that people join companies and many leave Managers.

You have to deal with attrition somehow. Conduct exit interviews and figure out why people are leaving, or just plan for it and know that you will continue hiring and hiring and hiring until you get people to stay.

At Duke, we have begun to change our corporate culture a bit. Utilities are pretty conservative. Some of the changes you might have to make may not be popular with some employees. Offer lateral ca-

reer opportunities. Instead of calling it a career ladder, call it a career scaffold. Let them experience roles all around the company.

Question: If a person is willing to take a risk and go to another area, do they get paid more money?

Alsop: Would you get paid more money if you went to a training class? No. It is all part of their development opportunity. However, when they come back they will be more valuable and in a better position to get to the next level.

Question: But they still see no promotional opportunity. What's in it for them?

Alsop: Value to the company and future opportunity.

Participant: But the company isn't willing to provide them additional compensation for their increased knowledge. I disagree with that.

Alsop: If you promoted everyone every time they went on a rotational assignment and came back, you would soon price your workforce out of work.

Participant: That's what we did in the 1970's and 1980's.

Participant: So, you end up losing them anyway.

Alsop: You will retain some of them, and we tend to retain those we invest in.

Participant: When they come back they will be more valuable, and then you will promote them above the people who didn't move around.

Alsop: The people who we've moved and given opportunities to haven't necessarily been promoted into management. You have to talk with people and find out what excites them. Make sure they are doing something that excites them.

We are implementing an IT Associates Program because we are starting to hire many new college graduates. There are five components to our IT Associates Program. We are going to rotate them two to four times during the first four years they are with us. They will get to know all of IT. They will work in Operations for a year. Then, they may work in Applications for a year and Governance for a year. We might even send them out to the business for six months.

After they've been with the company for six months, we will take them on a tour of the company. They will go to a coal fire plant and to a nuclear plant. They will see our power delivery and the line crews. They will visit our Customer Service Center. Then, they will tour all the areas of IT. It will be an intensive two weeks of learning what Duke Energy is all about. We are not an IT shop that just happens to produce electricity on the side.

We are a public utility that is enabled by IT. The third component is that we will send them to soft skill training every other month for two years. They will do that together as a hiring class. They will also do that two-week company tour as a class so they are building relationships and friendships as they go along. After they finish the two-week orientation, we will give them a mentor for at least 6 months to help them through that first rotation. Surrounding all of that, we will provide some social interaction. We'll take them to a sports game. They will do community service activities once a year as a hiring class. They will be able to get

to know one another. I know people don't necessarily stay where they have a friend at work, but they do stay where they have people that they have something in common with. Because in the past we've hired so few, they can't find each other unless we bring them together.

We've also implemented an "@work program. "@work" means we are sending people home to work. Almost 10 percent of the IT workforce now works some or all of their week at home. I am one of them. I work anywhere from three to four days a week at home. I come in to what we will begin calling "hotel cubes," which I have to reserve when I come in to work in order to have a place for face-to-face meetings. Technology has allowed us to use these collaboration tools so that I don't have to sit face-to-face with someone. For example, we are using SharePoint and Live Meeting. Two things allowed us to see that we could do this. One was technology. The second was our merger with Cinergy. My manager lives several states away. He does not care where I do my work as long as I get the results I am charge with.

I will now discuss Best Buy. They have a program you can look up at www.culturerx.com. They have 4,000 people in their corporate offices in Minnesota. Three thousand of them are in what they call Results Only Work Environment (ROWE). It says that you can work any time, any place as long as you get your work done. They have increased efficiencies by 41 percent. Their Managers now have to manage for results. They have to know what their employees are supposed to do and how long it should take. The number of non-voluntary layoffs due to non-performance has skyrocketed because they are discovering those who abuse presenteeism instead of actually creating results. If I finish my job at 2 o'clock, I can go home and do whatever I want. So I am incented to find the most efficient and effective way to get my job done.

At Duke, we are seeing a productivity lift when we have people work from home. It comes down, but it never gets back down to where it was before they went home.

Participant: There are two different conversations that I'd like to have. One is productivity and results, and the other is hours worked. It is a question of what you are really paying for and what you want. If you want to maximize how much time they spend in an eight-hour day, then that is one way to drive it. If it is about the results, then that is another issue. If you are trying to combine the two and get that much result in three hours, then how much result can I get in six hours? Then you start piling on the productivity expectations.

Question: It is a fascinating discussion. What are Duke's office space costs? What percent of your budget goes to heat, rent, air conditioning and phones?

Alsop: It is expensive. If we could reduce by just a couple of floors, we could save a considerable amount of money.

Question: Did you offer the work from home option across the board, or was there some sort of qualification?

Alsop: There were some qualifications. We have a

tool that help a manager to determined if certain jobs were suitable for @WORK. Some people have to physically touch laptops and desktops, so of course they can't work from home. If it is a job that has to touch paper because it hasn't been automated yet, it can't be done from home. However, many of our IT jobs can be done from home.

Question: If the job was eligible, did the people have to start working from home?

Alsop: Only if they wanted to.

Question: Is there a requirement that they come into work at all?

Alsop: No. Not for most teams. One manager has his employees come into the office on the 'on call' week.

Participant: If you believe the statistics about presenteeism, then where they are working doesn't matter. It is very hard as a Manager to not buy in to that. We've all seen it, and we've all done it.

Question: How do you handle Managers who have direct reports?

Alsop: Two of our Managers work from home

because all of their direct reports are @work employees.

Question: The bottom line is managing for results whether they are in the office or not. I've had people in the office who just didn't produce anything. It doesn't matter if they are in the office or not when they just aren't producing anything anywhere.

Alsop: I went to a seminar on this concept that was sponsored by the CultureRx company. The panel of Managers who had been doing this for a while said that for the first time they were actually managing. They weren't just watching behaviors. They were identifying what the results needed to be and making sure those results were achieved. I asked what happened when someone who used to work for eight hours a day now gets their work done in two hours. Shouldn't Best Buy get some of that money back? He said it is an interesting phenomenon. When you allow people to work this way, you can show them the backlog of work and they

are eager to get even that done as quickly as possible. That is where the 41 percent increase in productivity comes in. Someone might want to sleep until noon and work from noon until eight at night. They want to keep the privilege of ROWE, so they keep working.

Alsop: We had about 50 people in our first pilot of this program. In 12 weeks, we saved twice the equatorial circumference of the Earth in miles driven.

Question: How has the corporate culture changed?

Alsop: Not everybody wants to work from home. At Best Buy, not everybody works from home. Of the three Managers on the panel, one came into work every day because that's how he likes to work. However, if he wanted to take off on Friday and all of his work was done, he could do that. The biggest thing they had to overcome was the undercutting from the people who couldn't work that way yet. They train their employees on how to deal with the backbiting. It is a wonderful pro-

gram. You should look into it whether you could do it or not. It is the wave of the future for the flexible workplace.

Question: Do you find that you can have instantaneous communication even though you aren't at work?

Alsop: Yes. We have MS Communicator, which is like an IM.

Question: You mentioned that your attrition rate during the first five years was 40 percent. If you didn't have these work at home programs, do you think attrition would be much higher?

Alsop: Actually, this is beginning to lower the attrition rate. That rate of 40 percent was from two years ago. IT has had the work at home program in place for a year, and we've had several people say we've taken away their reason to leave.

Participant: We've done some of this in a couple of our locations, and there is a threshold of the culture. For example, anyone who has been through downsizing and then comes into work where there are empty cubes gets that sense of loss. That can happen as well with peo-

ple who are starting to work remotely if you aren't careful of the physical environment. We've also looked into relocating people within the facility to keep a sense of community and so there isn't emptiness around people.

Question: The concept of flexible work arrangements is powerful and satisfies a certain segment of the employee population. However, there are a number of very pragmatic things you have to do in order to manage that journey. If you have an employee who you just hired going into a flexible work environment, that has its pitfalls. If they are not incorporated into the company culture, that is a pitfall. There is an issue just from a psychological point of view around trust. Trust is built with interpersonal, in-person connections. If you don't find ways of structuring and building that in up front, you will find that that employee statistically will not perform as well.

Maybe it is because of the lack of interaction, or maybe it is because of how their Managers view them. As you institute these things, the physical office space being empty has psychological effects on those who stay behind. Also, what kinds of interactions do you have in place to keep those at work and those at home engaged? Are there periodic activities that pull everyone together to create a sense of community? Also, do people feel like there is some sort of inequity either because their job doesn't allow them to work from home or because if they don't want to work from home they will be viewed as a less capable employee? There are multiple dimensions that must be managed with this.

Alsop: Give new employees an appreciation for their company. Make sure you spend the time necessary to orient them. Don't shortchange that. Give them some pride in the company that they are

working for. Let them see what it is all about. Don't squirrel them away in an IT environment and not let them know about the great company they have just joined.

Engage the workforce. Ask them what should be done. Ask them for continuous improvement. Ask them how processes can be changed. Make sure when you are engaging them that you are making the question relevant and not just asking questions for questions' sake. Honor the differences in the responses you are going to get. Our workforce is becoming more and more diverse. There are a lot of good ideas out there that may not align with what you think and how you were brought up. Make sure you honor those differences and understand the response you are getting. Then, act on what you learn. Don't just ask people for their opinions and ideas to engage people and then not do anything with it. Make sure you have a structure in place that allows you to act on the ideas. 📌

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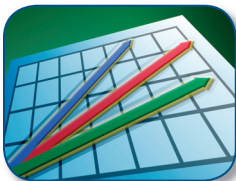
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