Looking into the Future – What the Workforce Will Look Like in 10+ Years

DAVID BAUDERS
CEO, SPA/SPASIGMA
What are we going to talk about today?

Workforce Composition

AI & Automation

Value Pyramid

Core Skills Delivery & Training
Millennials are the largest portion of the US population after overcoming Gen X in 2015 according to PEW Research Center.

The Generations Defined

**The Millennial Generation**
Born: 1981 to 1997
Age of adults in 2015: 18 to 34*

**Generation X**
Born: 1965 to 1980
Age in 2015: 35 to 50

**The Baby Boom Generation**
Born: 1946 to 1964
Age in 2015: 51 to 69

**The Silent Generation**
Born: 1928 to 1945
Age in 2015: 70 to 87

**The Greatest Generation**
Born: Before 1928
Age in 2015: 88 to 100

*No chronological end point has been set for this group. For the purpose of following a clearly defined group, Millennials are defined as those ages 18 to 34 in 2015.

Note: Millennials refers to the population ages 18 to 34 as of 2015.

PEW RESEARCH CENTER
Commensurately Millennials became the largest portion of the US labor force in 2015 while Generation Z (Post-Millennials) is emerging.


<table>
<thead>
<tr>
<th>In millions</th>
<th>1995</th>
<th>2000</th>
<th>2005</th>
<th>2010</th>
<th>2013</th>
<th>2015 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boomers</td>
<td>60.5</td>
<td>60.5</td>
<td>60.5</td>
<td>60.5</td>
<td>60.5</td>
<td>60.5</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>44.6</td>
<td>42.7</td>
<td>42.7</td>
<td>42.7</td>
<td>42.7</td>
<td>42.7</td>
</tr>
<tr>
<td>Millennials</td>
<td>3.7</td>
<td>29.2</td>
<td>29.2</td>
<td>29.2</td>
<td>29.2</td>
<td>29.2</td>
</tr>
<tr>
<td>Silents</td>
<td>2.7</td>
<td>2.7</td>
<td>2.7</td>
<td>2.7</td>
<td>2.7</td>
<td>2.7</td>
</tr>
</tbody>
</table>

Note: Annual averages plotted 1995-2014. For 2015 the first quarter average of 2015 is shown. Due to data limitations, Silent generation is underestimated from 2008-2015.

Labor Force Composition by Generation

<table>
<thead>
<tr>
<th>% of the labor force</th>
</tr>
</thead>
<tbody>
<tr>
<td>GREATEST 2%</td>
</tr>
<tr>
<td>SILENTS 2%</td>
</tr>
<tr>
<td>BOOMERS 18%</td>
</tr>
<tr>
<td>GEN XERS 34%</td>
</tr>
<tr>
<td>MILLENNIALS 34%</td>
</tr>
<tr>
<td>POST-MILLENNIALS 1%</td>
</tr>
</tbody>
</table>

Note: Shares are based on the annual average in 1995 and the first quarter average in 2015. Due to data limitations, Greatest generation not identified in 2015 and Silent generation is underestimated in 2015.

PEW RESEARCH CENTER
While Millennials are the largest part of the work force, they are the least engaged in their job according to Gallup (2016)

<table>
<thead>
<tr>
<th></th>
<th>Millennials</th>
<th>Gen X’ers</th>
<th>Baby Boomers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engaged</td>
<td>29%</td>
<td>32%</td>
<td>33%</td>
</tr>
<tr>
<td>Not Engaged</td>
<td>55%</td>
<td>50%</td>
<td>48%</td>
</tr>
<tr>
<td>Actively Disengaged</td>
<td>16%</td>
<td>18%</td>
<td>19%</td>
</tr>
</tbody>
</table>

So what matters the most to millennials in terms of their recruitment and employment?

Best practices to engage the largest generation in the workforce.

10 Tips to Successfully Recruit Millennials – Eric Smith (October 10, 2017)
[https://www.mdm.com/articles/print/37842-tips-to-successfully-recruit-millennials](https://www.mdm.com/articles/print/37842-tips-to-successfully-recruit-millennials)

#1 Focus on culture
#2 Rethink your recruitment tactics
#3 Invest in technology
#4 Loosen up your HR policies (somewhat)
#5 Establish a presence on a college campus
#6 Define career development paths for employees
#7 Rethink your training program
#8 Give back to the community
#9 Become active on social media
#10 Retool your sales process to accommodate younger buyers
How susceptible to automation is the wholesale industry according to research by McKinsey (2016)?

The technical potential for automation in the US

Many types of activities in industry sectors have the technical potential to be automated, but that potential varies significantly across activities.

Source: Where machines could replace humans – and where they can't (yet) by Michael Chui, James Manyika and Mehdi Miremadi in McKinsey Quarterly (July 2016)
AI and automation are being applied in many area of operations which will impact the required skills mix of the future workforce.
Some key questions to ask ourselves about the future workforce…

What skills and content are most important?
What impact will AI have on the future workforce and their skills?
What delivery model will be most effective?
How will the roles and required skills of employees change due to automation?
How can we foster migration of employees up the skills value pyramid?

…Let’s consider these questions with a cast of characters - LeBron, Joe, Pat, Pete, Tom and Alexa
MVP LEBRON STILL TRAINING AT 3AM – CORE STRENGTH
THE DISCONNECTED UNEMPLOYED EMPLOYEE: A DAY IN THE LIFE OF MILLENNIAL JOE
AI, AUTOMATION & WORKFLOW TOOLS HAVE INVADED MANY AREAS

DEMAND GENERATION
- Revegy
- Membrain
- iEngage
- DiscoverOne
- ALTIFY
- Leadgnome

DEMAND MGMT & FORECASTING
- CallidusCloud
- Oisim
- PipelineDeals
- Salesvue
- ALTIFY

CUSTOMER COMMUNICATION
- Clearclone
- conversica
- Cirrus Insight
- nudge
- Sales

SERVICE ENABLEMENT & ENGAGEMENT
- Awhut
- Knowledge
- Accent
- Rolinnovation
- Lionboard Analytics

MGMT, COACHING & TRAINING
- PointForward
- Xactly
- Askart
- ALTIFY
- MindTickle

Automation is already here .. You need to exploit it
JOE’S PROFIT VARIATION BY DEAL

Large Variation Across Deals = Opportunity to Empower to Earn More
LEAVE THEM ALONE AND LET THEM WORK: THE UNEMPOWERED PROFITABILITY OUTCOME

PROFITABILITY CHAOS

01. Lack of tools and processes
02. Lack of Employee Training and KPIs
03. Lost Profit and Future Growth
EMPLOYEE EMPOWERMENT TOOLS

Leverage Tools to Guide Daily Decision Making
MEET THE NEW CUSTOMER SERVICE EMPLOYEE
SKILLS VALUE PYRAMID

01

Routine Physical Operations & Repetitive Tasks

Hi, I'm Alexa!

ALERT: 49% of training $ on Alexa activities!

02

Informational

03

Operations Specialist & Improvement

04

Team Performance & Relationship Management

05

Systems & Technical Management

06

Advisor

07

Strategic Partner

< Prev 17 Next >
ATHLETE BOSU / SKILLS BOSU

SPORTS

SPECIAL SKILLS

AGILITY

BALANCE

FLEXIBILITY

CORE STRENGTH

EMPLOYEE

SPECIAL SKILLS

NQ

PiQ

RQ

PQ

BOSU

TRAINING
THE EMPLOYEE BOSU: CORE SKILLS IN THE EMPOWERMENT ERA

<table>
<thead>
<tr>
<th>Alexa or Pat?</th>
<th>NEGOTIATION</th>
<th>How do I get <strong>paid</strong> for complex customer value added?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotions</td>
<td>PERSONALITY</td>
<td>How do I <strong>read and reach</strong> the diverse individuals I sell to – better than a machine?</td>
</tr>
<tr>
<td>Mood</td>
<td>RELATIONSHIPS</td>
<td>How do I <strong>build and sustain</strong> deep customer relationships?</td>
</tr>
<tr>
<td>Conflict Resolution</td>
<td>PROFIT</td>
<td>How does my customer make <strong>profit</strong>, and how do I help them drive profitable <strong>growth</strong> – now and in the future?</td>
</tr>
<tr>
<td>Persuasion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Humor</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
DEEP LEARNING ISN’T JUST FOR MACHINES – IT’S FOR YOUR EMPLOYEES TOO

Hi, I’m Alexa!

- Routine Physical Operations & Repetitive Tasks
- Informational
- Systems & Technical Management
- Operations Specialist & Improvement
- Team Performance & Relationship Management
- Advisor
- Strategic Partner
EMPOWERMENT TOOLS VS. TRAINING
EMPOWERING ENTERPRISE VALUE & GROWTH

VALUE CREATION
- Design
- Make
- Support

TERMS OF TRADE
- Price
- Mix
- Profitability
- Cost to Serve
- Long Term Growth

VALUE CAPTURE
- Negotiate Well
- Negotiate Poorly
I AM ALWAYS LISTENING..

I AM ALWAYS LEARNING ..
SOCIAL DISTRACTIONS & EMPLOYEE ENABLEMENT CHALLENGES

4-8 hours per week

Less than 5 minutes per week
HOW NOT TO TRAIN IN THE MODERN ERA
Company with 500 employees loses $450K/year to FORGETTING CURVE

**Participation Rate**
44-56%
Zero training

**Learning Rate**
68%
Dissatisfied

**Retention Rate**
96%
Less than 5 min/day

**Sustainability Rate**
Less than 9%
Have Long-term path

**TRAINING ROI**
Over the years, a number of very smart people have learned the hard way that a long string of impressive numbers multiplied by a single zero always equals zero.

WARREN BUFFETT
EMPLOYEE EMPOWERMENT TRAINING PARADIGM

Simple, Intuitive, Drip Learning
Engaging & Entertaining
Social & Mobile
Stimulating & Experiential
Gamification & Metrics
BINGE-WORTHY TRAINING IN THE EMPOWERMENT ERA

- Limo Series
  - Episode 4

- Surf Series
  - Episode 11
  - Episode 12
  - Episode 6
  - Episode 8
  - Episode 5
  - Episode 7

- Hollywood Series - Firefly

- SPASIGMA Show
  - Episode 8

- Hollywood Series - Moving

- Negotiation Mastery
  - Virtual seminar

- Personality Quotient
  - Temperaments
CAPITALIZING ON THE EMPOWERMENT ERA

01. Map Enablement to Tools & Training

02. Deploy Analytics & Decision Tools

03. Invest in Binge-Worthy Training to Build Skills that Add & Capture Value

04. Embrace Lifelong Daily Learning
ALEXA’S ALWAYS LISTENING & LEARNING .. ARE YOU?
CONCLUSION

Integrated analytics and training will drive profitable growth by developing and empowering our unique humans talents.