



THE EMPLOYEE EXPERIENCE AS A COMPETITIVE ADVANTAGE

THE NEW DIGITAL
WORKPLACE IN
FINANCIAL SERVICES



NOT ROCKET SCIENCE. BUT ALSO NOT WITHOUT ITS CHALLENGES.

The founder of Southwest Airlines, Herb Kelleher, had this to say about getting the employee experience right: “Years ago, business gurus used to apply the business school conundrum to me: ‘Who comes first—your shareholders, your employees, or your customers?’ I said, ‘Well, that’s easy,’ but my response was heresy at that time. I said employees come first, and if employees are treated right, they treat the outside world right, the outside world uses the company’s product again, and that makes shareholders happy. That really is the way it works. It’s not a conundrum at all.”¹

A growing body of research confirms what Kelleher realized intuitively: that a supportive employee experience contributes powerfully to financial performance. More and more financial services organizations are taking a hard look at their experience and investing—often in digital—to unlock the full potential of their people. The benefits are clear and range from increased productivity and recruitment appeal to improvements in agility, innovation and marketplace performance. But although the business case is compelling, creating a great employee experience is not a simple undertaking.

FS LEADERS ACKNOWLEDGE: THE EMPLOYEE EXPERIENCE IS A KEY DETERMINANT OF SUCCESS

The employee experience is central to three of the biggest challenges facing financial services (FS) companies today. The first is the unrelenting struggle to attract and retain the skills that are essential for banks and insurers to capitalize on new technologies and practices. The next is productivity, which is a huge driver of the organization's cost structure. And then, as Herb Kelleher pointed out, people have a profound impact on the appeal of—and therefore the demand for—the offerings of any service organization.

None of this is new. However, a combination of three escalating trends is making the employee experience a much more critical determinant of the FS organization's success.

At a time when the pace of technological innovation is accelerating, intensifying cross-industry competition for rare skills, the baby boomer retirement wave is reaching its peak.

Next, it doesn't help that for young people entering the workforce, financial services is seldom a preferred destination. The steadily expanding regulatory regime reinforces a culture of rules and processes, doing little to embellish the appeal of the sector. All things considered, banks and insurers are on the back foot when it comes to competing for talent.

And third, the FS workplace is in a state of flux. The traditional hierarchical, siloed structure that has served the industry for centuries is coming under strain. Jobs that were rigidly defined and highly specialized are being reconfigured to support more agile business models.

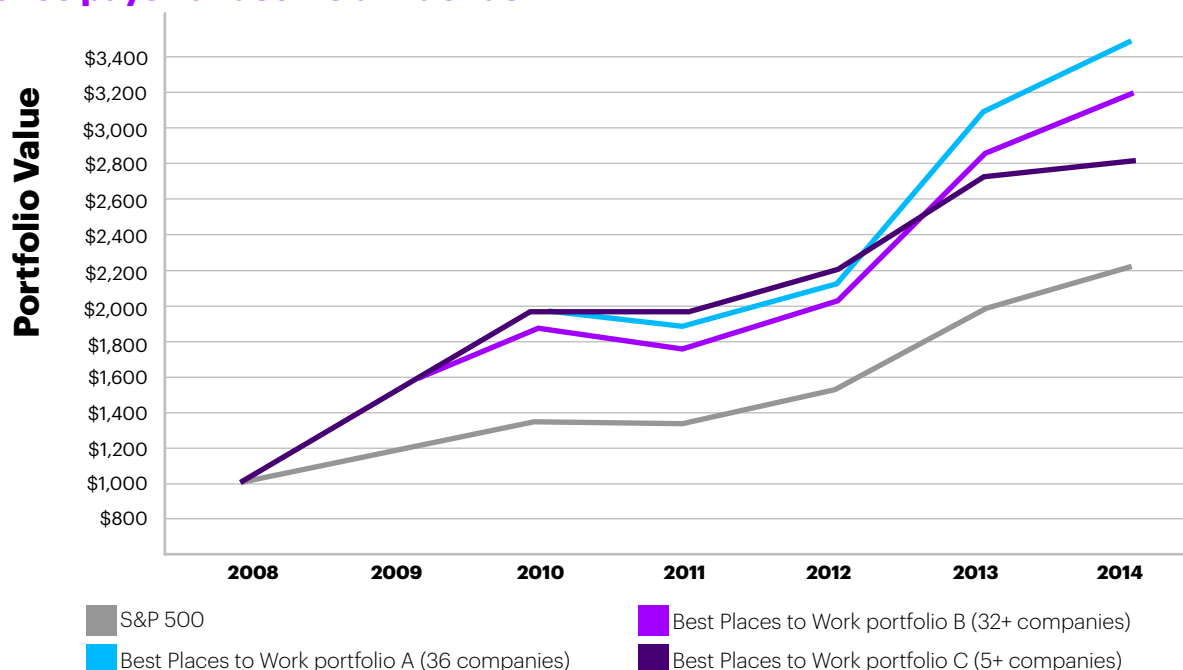
Work processes are fragmenting, automation is increasing, and a growing number of tasks are being augmented by intelligent machines. Transitory teams that tackle limited-duration projects are becoming more commonplace, and members are increasingly drawn from a variety of talent pools. As all of this is occurring simultaneously, employees who enjoy a stable work environment are feeling decidedly unsettled.

It's no surprise, therefore, that there are generally high levels of fear, anxiety and mistrust among employees in the FS industry—significantly higher than in most other industries. Unaddressed, these responses may intensify as technological and competitive developments cause uncertainty to escalate. Psychological safety and trust in the workplace are essential enablers of change (and therefore agility), innovation and financial performance.

THE EMPLOYEE EXPERIENCE – INDULGENCE OR INVESTMENT?

It wasn't long ago that an effort to improve the employee experience would have been derided as an indulgence motivated by generosity rather than the expectation of any measurable returns. This is no longer the case. Analysis by Glassdoor shows that companies that provide a great employee experience outperform the S&P 500 by up to 122 percentage points.² And those with highly engaged workforces are significantly more profitable than their peers.³

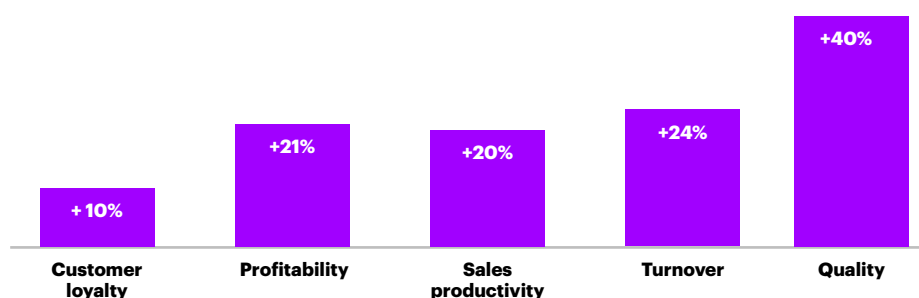
Figure 1. Glassdoor analysis confirms: a great employee experience pays handsome dividends



Do the stocks of companies with high employee satisfaction outperform the market? Glassdoor followed three portfolios of Best Places to Work award winners and analyzed² their performance against the S&P 500. The former outperformed the overall market in five of the six years between 2009 and 2014, with an advantage ranging from 53 to 122 percentage points.

Figure 2. Companies with highly engaged workforces enjoy a wide range of benefits

The chart shows the median percentage differences between the outcome metrics of organizations with employee engagement in the top quartile and those in the bottom quartile.



*Source: Gallup. Note that turnover relates to high-turnover companies with more than 40% annualized turnover.

As companies become more enlightened on talent and organizational issues, many are beginning to acknowledge that committed, motivated employees deliver higher levels of productivity and support innovation and change. Most importantly of all, they contribute significantly to superior customer experiences. And a great customer experience results in satisfied, loyal customers who are happy to endorse their providers and entrust them with a bigger share of their wallet.⁴

While it's true that financial services organizations face many obstacles to improving their employee experience, they also have a few things going for them. Large, traditional organizations may not be the coolest places to work, but as the tempo of change picks up and the extent to which innovation is transforming their workplaces becomes evident, banks and insurance companies have the opportunity to position themselves as vibrant and exciting employers.

What's more, several research studies have found that younger job seekers have priorities other than money. They want to work for companies that have a greater purpose than just maximizing profits—organizations that contribute to the welfare of society and the economy. In addition to being able to point to better-than-average employment terms and conditions, more diverse workforces, safer work and more comfortable working environments, FS providers should be able to attract candidates with the promise of helping individuals secure their financial future and protect themselves against risk.

All of these factors help create the rich mosaic that is the employee experience. The end result can be deeply satisfying for all concerned. But like any mosaic, a missing piece or two can ruin the overall effect—which is why relatively few organizations have succeeded in creating experiences that unleash their people's full potential. It's also why it offers such a powerful competitive advantage for those that get it right.

DIGITAL TECHNOLOGIES - KEY TO MORE COMPETITIVE EXPERIENCES

Almost nine out of 10 financial services high performers regard rewiring their culture, organizational structure and workplace tools as “highly important” to business success.⁵

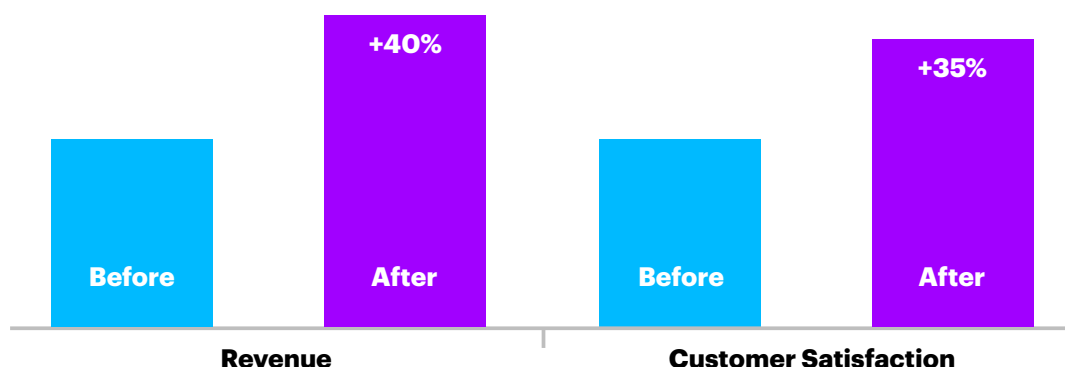
Drilling down into the traits of these industry leaders, it becomes apparent that most are using emerging digital technologies to help them develop better employee experiences faster and more effectively. This is giving them a competitive edge at a time when even the healthiest of companies in the industry could sorely use it.

Over the next several years, the greatest source of competitive advantage will be the ability of the workforce to creatively exploit digital technologies.⁶ But compliance, security and payback concerns have slowed the adoption of digital technologies in financial services. While speed is essential in any race, the hesitance of financial companies may have served them well this time. It has afforded them a peek at the digital strategies that have worked—providing the advantage of learning from the experiences of their peers in other industries.

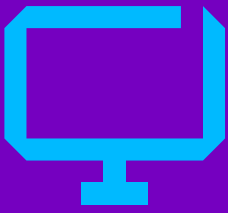
Experience abounds, as two years ago more than half of all business leaders planned to create individualized employee experiences comparable to customer experiences.⁷ Learnings have proliferated from the pioneers who forged ahead, from how to protect employees' digital privacy to maintaining employee trust as digitalization expands.

For example, Accenture and Microsoft's joint venture, Avanade, helped leadership at a large bank reimagine the employee experience for branch agents. The aim was to improve customer engagement at 5,500 branches in Spain. Using our specialized digital and experience studios around the globe, we helped the bank leverage design thinking and the latest digital technology not just to improve, but to reimagine its employee experience. No innovation was off limits, from artificial intelligence (AI), wearables and the Internet of Things (IoT), to smart workspaces and employee portals.

The bank saw a decrease in call-center requests and, as a result, in branch staff costs. Revenue increased by 40 percent—\$400 million in new loans was generated—and customer satisfaction rose by 35 percent. The automation of risk-based pricing achieved a 25 percent cost saving for underwriting and processing.



Accenture and Microsoft's joint venture, Avanade, helped a large bank improve its performance by enhancing the employee experience of its branch agents.



EMPLOYEES EAGERLY AWAIT DIGITALIZATION

A growing number of employees today want and expect their work experience to mirror their consumer experiences, with technology easing the way. Most are disappointed and impatient—71 percent of company leaders told us their employees are far more digitally mature than their organizations and are “waiting for their company to catch up.”⁸

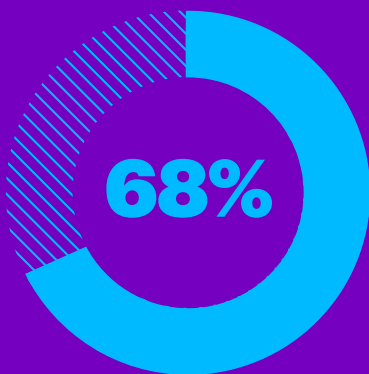
It's no wonder. Digital technologies—applied responsibly to foster trust—drive personalization at scale to help shape a positive employee experience. Companies in the top quartile of the employee experience delivered an average of 66 percent more digital capacity to employees than those in the bottom quartile.⁹ New university graduates will welcome that capacity, as three out of four (76 percent) believe their education has prepared them to become part of a digital workforce.¹⁰

Driving both talent retention and growth

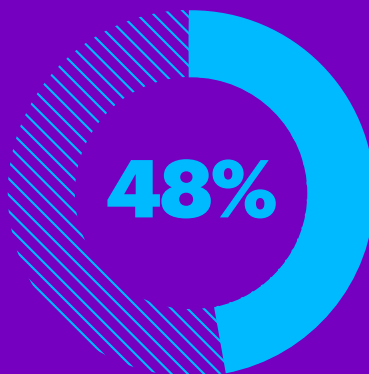
In 2014, consumer finance company Synchrony spun out of GE with the aim of acquiring a wholly digital mindset. It created four ‘innovation stations’ of up to 40 employees each, working on cutting-edge applications like AI and futuristic call centers. Employees are encouraged to visit the stations, work alongside the innovation teams, and get inspiration to push ahead with their own ideas. The results include a 30 – 40 percent success rate in taking new ideas to market, strong demand for their products by customers and partners, and a significant improvement in their ability to attract and retain key talent.

There is no doubt that many FS employees are concerned about the impact of technology on them and their colleagues' jobs. However, this concern is tempered by excitement about its potential to provide them with new opportunities and to enhance their jobs.

Accenture research found that 68 percent of highly skilled employees feel mostly positive about AI, with almost half (48 percent) of lower-skilled employees agreeing.¹¹ In a similar survey, 61 percent of bank and insurance workers said they expected AI to make their jobs more interesting, while 59 percent believed the technology would expand their career prospects.

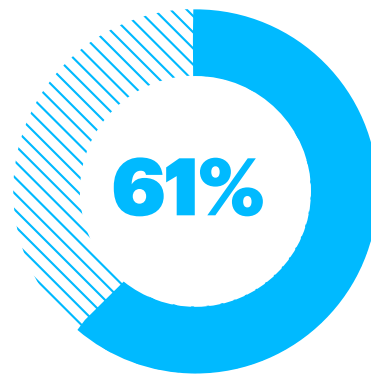


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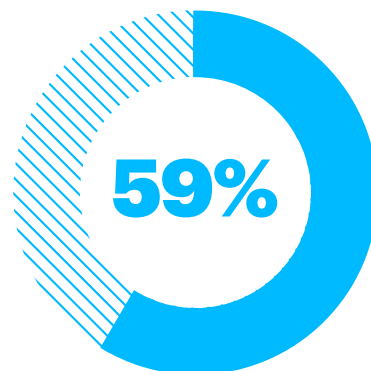


of lower-skilled employees agree

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7^{out of} 10

employees of highly automated companies say automation improves job satisfaction and increases time for creativity, as well as opportunities for advancement.

Digital does not always encompass automation, but the two go hand-in-hand in many cases. Seven out of 10 employees of highly automated companies say automation improves job satisfaction and increases time for creativity, as well as opportunities for advancement.¹²

The introduction of intelligent technologies in the corporate environment has just begun, and its impact on the workforce is only starting to become apparent. However, employee enthusiasm for new technologies will help smooth the road to their introduction. This is key, because augmenting humans with automation and intelligent technologies is essential for success. It will also have a profound impact on the employee experience.

Financial services companies would be well advised to take advantage of—and to vindicate—their employees’ welcoming attitude as they roll out these technologies. This includes reskilling and upskilling workers as automation takes over more of their rote tasks and frees them to do what they do best: strategize, innovate, and deal with more nuanced customer challenges. It also means utilizing the technologies to create hyper-personalized work experiences, to help employees reinvent their work and their jobs, and to find and realize untapped talent within the workforce.

A positive and productive relationship between the workforce and technology will contribute hugely to unlocking human potential and, at the same time, delivering a strong return on the investment in digital.

THE EMPLOYEE EXPERIENCE MOVES CENTER STAGE

The mixed feelings most employees have regarding the advent of automation and machine-augmented work is just one aspect of the increasingly complex and nuanced arena called the employee experience.

The complexity stems from far-reaching cross-generational differences in employee expectations, and the growing recognition within FS firms of the benefits of accommodating them. From attracting the new skills that digitalization demands, to creating agile, digitally-enabled workforces that help shift the profit curve through improved productivity and revenue growth, the business case is persuasive.

For most people, the employee experience has multiple layers.

1 The first and most obvious is the day-to-day work experience.

The components include familiar aspects such as the work environment, tools and oversight. When technological and structural change is planned, leaders should give careful thought to its impact on work. To an increasing degree, employees want work that is meaningful, varied, challenging and even fun. They prefer end-to-end, self-directed tasks, and roles on transitory teams whose members are drawn from both within and outside the organization. Allowing them to co-define their roles and jobs not only enriches their work experience but can also open up a whole new level of performance.

2 The next layer of the employee experience is how the company handles the moments that matter to its people.

These can range from major life events like having a baby to being caught up in a divisional restructure. For employees in these situations, today's standardized HR services seldom hit the mark. In addition to psychological benefits like inclusion and a sense of individual significance, people increasingly are insisting on respect, mutual trust and fairness. To achieve these, the processes require input from multiple support functions including HR.

3 Finally, there is the relationship between the employee and the company.

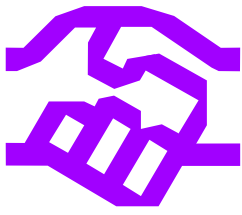
There is often a clearer understanding of what employees are expected to contribute to this relationship, but the employer's contributions are just as important, if not more so: stimulating work; the opportunity to learn, develop and advance; a fair and trusting workplace; supportive managers and culture; and an inner purpose that justifies the existence of the organization, unifies and motivates employees, and builds engagement and loyalty among customers.

All of these layers contribute significantly to today's employee experience and all need to be addressed by companies aiming to maximize employee engagement, motivation and retention. Doing this meaningfully and authentically is a tall order, especially for organizations that are large, dispersed and steeped in traditional ways of operating. Fortunately, HR departments are starting to play a larger, more capable role in shaping the employee experience, and are assisted by a variety of potent, intelligent tools.

Nailing the Moments that Matter

Many financial services companies use customer-centered design to improve the customer experience. Fewer use the same approach for their employee experience. Companies can do so, using digital technologies to design and deliver tailored employee experiences that nail the moments that matter for individual employees—from onboarding, to promotions, to exercising benefits. Giving employees the same kind of personalization usually reserved for customers helps provide a more engaging, targeted experience.





HR AS A COLLABORATIVE LEADER

Digital tools can greatly enhance productivity and engagement, but they're no magic wand. We find them most effective when incorporated into operating models, championed by leaders throughout the organization.

There is a strong case to be made for HR leaders providing the original impetus—the biggest and most immediate impact will be on the workforce, the workplace and the nature of work. But they will need their peers across company functions to help deliver these far-reaching changes. The key to success is incorporating these tools into the operating model with deliberate intention. This ensures they are anchored firmly to the organization's business objectives.

When Accenture ANZ (Australia / New Zealand) was reinventing its employee experience¹³, it focused on cross-functional cooperation. HR undertook the education of leaders across the various functions, letting them know this wasn't "just HR practices." The HR lead for the region, Randy Wandmacher, knew that a far more tailored, curated experience was needed. That in turn would require a more digitally enabled workplace, with buy-in and resources from the entire firm.

Accenture ANZ increased collaboration through digital platforms, and contributed to employees being able to work anywhere, anytime to better provide a work / life balance. It also implemented a host of other strategies fueled by employee needs. "We involved our people in the design," said Wandmacher, "so it was a real process of co-creation with real people."

FIRST STEPS ON YOUR DIGITAL WORKPLACE JOURNEY

Financial services companies have many positive reasons to improve the employee experience with digital, from improved engagement and productivity to innovation, agility and enhanced financial performance. This is one of the most important competitive arenas in today's business environment. With every company making major investments in technology, those that master the workforce engagement component have a distinct advantage: they bring to life the promise of both their people and their digital investments.

Keeping a few things top of mind as you begin or continue your digital workplace journey can help smooth the path forward.

1

Digital adoption needs to be incorporated into operating model transformation

To drive productivity and other efficiencies, organizations need to apply a three-pronged strategy that incorporates digital tools, workplace design and the operating model. The “North Star” is an improved, tailored employee experience. And because that experience is never static—employee needs change and new tools are created—a comprehensive operating model is crucial to ensuring these areas get ongoing attention.

2

Start integrated, stay integrated

A successful digital strategy is an integrated one. That integration needs to continue through delivery, joining leaders and end-users in their various functions and divisions, and HR and technology teams to co-create the right outcomes.

3

Sponsorship matters

Appointing a top executive to champion and sponsor your workplace digital transformation is key to its success. The employee experience at many companies is siloed and fragmented, with the various functions contributing in their different ways. Having a high-level sponsor ensures that the experience is a priority, and makes it easier to pull all the elements together in a consistent, seamless and harmonious way.

4**Design thinking isn't just for customers**

Historically, most companies have let processes drive the employee experience. Instead, take it from an outcomes perspective, using design thinking. This approach is just as effective for employees as it is for customers. Using the same rationale, think of “employees” in the broadest sense. Contractors, consultants and other third parties all contribute to the performance of the organization, and will respond just as positively to a great experience as a full-time employee—they may even choose to become one sometime in the future. As one industry insider noted, referencing an HBR article on the topic: “If we just leave it to Procurement to manage the contractor experience, we’ll be treating them like paper clips.”

5**Nail the Moments that Matter**

Automation and AI, coupled with advanced analytics, can help you define the individual end-to-end experience. Personalized solutions that address employees’ specific issues can go a long way toward reducing frustration and increasing workforce productivity. Beware the “build it and they will come” mentality that makes assumptions about users’ needs and priorities—and that is so easy to fall into. Also, don’t fool yourself that cosmetic changes and gimmicks will do the trick. Think carefully about how the experience can enhance productivity and financial performance and introduce meaningful changes that enable this—like de-cluttering a relationship manager’s calendar and list of responsibilities to give her more client-facing time. And be sure your teams have identified and addressed all the main adoption hurdles, so that digital and other initiatives can deliver their full impact.

6**It's not what you do, it's the way you do it**

Communication is about so much more than the message you intend, so take care how you craft your policies, rules and decisions. A sternly worded compliance advisory or a hastily sent email that sounds paternalistic can create far-reaching, enduring dissonance. Employees often believe a slip such as this reveals the true attitude of the sender, and so trust is undermined, and a lot of hard work undone. Consistent, effective communication has to be grounded in trust and accountability and underpinned by mechanisms that kick in when these are broken. This is especially true in times of change, which require coherent dialogue around culture and accountability and how these will be articulated throughout the organization.

7**Measure—and be formal about it**

Incorporating employee experience metrics into leaders’ KPIs is critical to creating a culture that not only cares but follows through. This means making improvements based upon the data collected, as well as changes in technology, the workforce and the company.

THE ENDURING COMPETITIVE ADVANTAGE

The employee / employer dynamic has become more complicated since Herb Kelleher founded Southwest Airlines in 1971. People and technology are working much more collaboratively, and both are changing constantly. So are employers, at least in their appreciation of the ability of a great employee experience to unleash the potential of their people, and of the impact of that on the performance of the organization.

Better work, better workspaces and a better working life are certainly beneficial for employees. But a slew of recent research studies has shown they're also great for the organization. This is hardly surprising—employees cannot be expected to be motivated, productive, innovative and agile when their daily experience is anything but.

So one thing remains unchanged: engaged employees create engaging experiences—for their customers, their employers and their coworkers. In today's business world, that's a formidable competitive advantage.

HOW ACCENTURE CAN HELP

We help clients to reimagine the colleague / employee experience, from the overall brand to the moments that matter to the everyday experience, underpinning this with leading digital HR technology. We help to design and digitize a hyper-personal workforce experience inside FS organizations for employees, and also support the adaptive workforce using human-centered design and digital technologies including AI, robotics, cloud and analytics.

Our services and solutions include:

- * Employee experience lifecycle strategy and planning
- * Employee engagement and experience co-creation
- * Employee experience deployment and continuous enhancement
- * Enablement and adoption of digital HR technologies and ecosystems

For assistance in planning and developing an exceptional employee experience, please contact any of the authors listed on the following page.

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