



The Global CEO Advisory Firm

Gifts of the Great Resignation

Evolving the CEO Mindset on Talent

December 2021

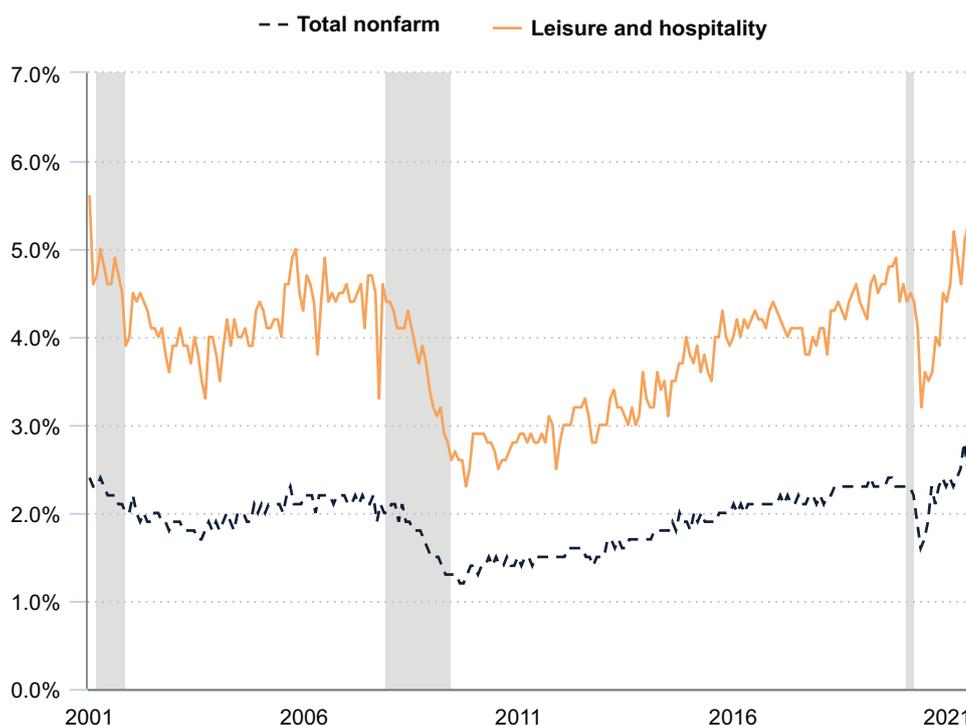
Executive Summary

Call it what you will – The Great Resignation, The Great Reframing, The Great Realignment – but know there is something dramatic afoot in the labor market. More Americans are quitting their jobs than ever before. The U.S. Bureau of Labor Statistics tells us that 4.3 million people, fully 2.9% of our entire workforce, quit their jobs in August – an all-time high. ([U.S. Bureau of Labor](#))

The August figure is not an outlier; it continues a trend that began in May 2021 (see chart). The leisure and hospitality industry has experienced the highest rate of resignation (an eye-popping 6.4%, with almost one million people leaving in August alone), but every industry is

seeing historically-high levels of workers quitting their jobs. And it's also happening at every level — from low-skilled workers to top executives. And this trend shows no signs of slowing down. Surveys estimate that as many as 47% of U.S. workers are considering changing jobs.

Quits Rate by Industry, January 2001–August 2021



Shaded areas represent recessions as determined by the National Bureau of Economic Research.
Source: U.S. Bureau of Labor Statistics.



Take this job and ...

Many explanations for this trend have been proffered by economists and social commentators. Anthony Klotz, a Texas A&M University economist who first called the trend “The Great Resignation,” believes that “pandemic epiphanies” have motivated many to seek better, more satisfying careers. Conservative commentators argue that expanded unemployment benefits and the forgiveness of student debt have allowed people to leave the workforce.

What’s clear is that the pandemic has upended traditional notions of work-life balance. For the first time, millions saw the benefits of working remotely, and often saw their productivity actually increase. Many of us realized that perhaps lengthy commutes are not great for our health and that striving

for high performance as an employee *and* as a parent doesn’t need be a constant source of tension.

Whatever the causes, CEOs have a crisis on their hands. In an already tight labor market, how do they retain their top performers and attract new talent when a plethora of options abound? In our view, the companies that will thrive in this new environment are those that listen to their employees; create new, flexible models of work; embrace a broad vision that benefits all stakeholders; develop innovative ways to foster internal talent; and build relationships with future and current employees by creatively deploying storytelling techniques across multiple platforms.

The Four Levers

There are four levers that companies can use to address the talent crisis. Companies that engage all four levers have the best chance of successfully navigating this uncharted journey.

Lever 1

Lever 2

Lever 3

Lever 4

Total Rewards



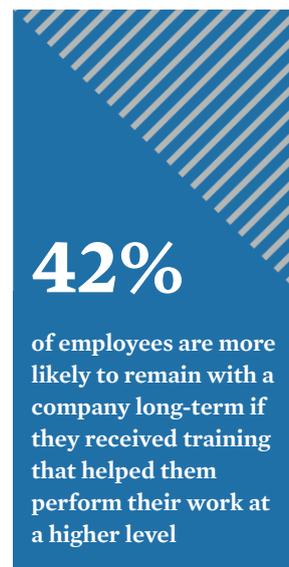
Design of Work



Aligning on a Company's Purpose & Vision



Creating a Reimagined Career Journey



The first, and perhaps the most obvious, is **Total Rewards**. How are boards, CEOs and executive teams leveraging compensation and benefits to address talent risk? After decades of stagnant wages and cookie-cutter benefit plans, this lever is the simplest to address. Companies need to revise their Total Rewards strategy to focus on critical roles and retaining high-potential talent. Creative, flexible and well-planned benefits packages that include items such as tuition assistance, caregiver benefits, family building benefits,

diverse healthcare provider options, and parental leave programs communicate that companies are responding to what's important to their employees and the communities in which they live and work.

The second is **Design of Work**. That is, what does work look like for the employee? Are there flexible schedules? Are there hybrid vs. fully remote options? The pandemic exponentially increased the numbers of people working from home. As workers saw first-hand how productive



they and their teams could be while working remotely, it naturally raised the question of why this couldn't be a full-time arrangement post-pandemic. [McKinsey research](#) found that “more than 20 percent of the workforce could work remotely three to five days a week as effectively as they could if working from an office.” When considering the Design of Work, flexibility and customization are key. Simply put, companies that want the best talent to join, or remain with, their organization must abandon a one-size-fits-all approach.

The third lever is **Aligning on a Company's Purpose and Vision**. Increasingly, workers are seeking employment with companies that reflect and align with their personal values. This applies internally, as current employees are seeking demonstrable performance in diversity, equity, and inclusion actions from their employers, and externally, as prospective employees want to see corporate commitments to the communities they serve. This trend also corresponds with investors' increased focus on ESG (Environment, Social and Governance) factors when evaluating companies. In the same way, with myriad choices of where to work, workers want to know that they are part of positive change, not just profit-making. Increasingly, prospective and

current employees are also making choices based on what CEOs do and say. This creates a conundrum for CEOs, as many leaders would prefer to remain neutral on controversial social issues. However, remaining silent risks alienating top young talent, as well as customers, regulators, or politicians. CEOs need to communicate their vision to all stakeholders now, more than ever.

The final lever is **Creating a Reimagined Career Journey**. Companies should create a compelling career path that includes reskilling and growth opportunities so that employees feel they have a shared future and partnership with their employer. One frequently overlooked measure of effective reskilling is employee retention. According to [research by IBM](#), employees were 42% more likely to remain with a company long-term if they received training that helped them perform their work at a higher level. Straight-line career mapping and general succession planning do not take into account the reskilling environment. A [Gartner report](#) showed that 33% of the skills listed in a typical job posting in 2017 were no longer necessary in 2021. Today's pace of change has rendered some skills irrelevant, and this requires companies to help their employees keep up.

How should boards, CEOs, and executive teams navigate these levers? Each company has unique and specific challenges, so each lever will be activated differently. But being proactive and focusing on how you act, rather than what you say, remains universal. We recommend the following steps as a starting point.



Step 1 Communicate Authenticity, Authentically



Communicating a company's ethos is more vital than ever. The first and most important factor here is authenticity, which is the key to building trust.

When addressing employer branding, talent attraction, and recruitment marketing, inauthenticity is deadly. In today's world, workers readily spot empty words, and social media gives the world unprecedented visibility into what is happening inside companies, both positively and negatively.

Therefore, creating and communicating an effective employee experience to attract and retain great employees is designed by listening and including all voices in the organization. Don't pretend to be something you're not, and if there is an area that needs improvement, be transparent about it and use it as an opportunity to discuss the ways you are addressing the problem.

Step 2 Listen First



Perhaps most important is for CEOs and other C-suite leaders to listen. That seems obvious, but in our experience, there's listening – with humility, vulnerability and openness – and there's listening – for the sake of checking a box. The former leads to authentic action and an environment of collaboration that will produce better results. It allows companies to pivot with heart when, inevitably, something goes sideways. It empowers employees and makes them part of a greater whole, which can foster greater innovation and higher productivity.

Step 3 Ask New Questions About Talent



As you think about your current teams and your company's strategy to attract critical new talent, what questions are you asking your executive team?

- As a CEO, do you know what your regrettable loss percentage is?
- Do you know why the last three candidates for leadership positions at your company *didn't* take the job?
- Do you know what high-potential talent thinks about you?
- Do you know what business risks exist because of roles your talent team has not filled this month?

Focusing on responses to these questions may expose gaps in your talent strategy and begin to inform new strategies based on the realities of The Great Resignation.

Thriving in an Unprecedented Time

In the face of this unprecedented employment environment, it is vital that CEOs and company leadership meet potential talent and current employees where they are and speak to them in a way that they can hear. Communicate your purpose, the impact you are committed to making and how they will feel being a part of your organization. Create a sense of partnership and shared mission. This is, perhaps, easier said than done, but necessary for every business to truly succeed.



Authors



Cher Murphy
[Senior Managing
Director](#)



Jeff Sindone
[Senior Managing
Director and Head of
Studio](#)

Contact us

If you have questions or want to discuss how the new employee experience can be embedded within your organization, please contact us at employeeexperience@teneo.com.

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