TFSA | TORONTO FINANCIAL SERVICES ALLIANCE

Deloitte.

Talent Matters

Shaping Talent Strategies in a Changing World

A Study of the Toronto Financial Services Industry Talent Market

March 2007

Contents

Introduction

"Developing our human capital", "new talent strategies", "the quality of our people" — this is the vocabulary of our times. The talent issue is a major preoccupation everywhere today. It was a key focus at the recent Toronto City Summit Alliance, it figures prominently in political speeches, and Toronto's major daily newspapers all have regular sections focusing on the human resource challenges of business.

What does the talent challenge mean for the financial services headquartered in the Toronto region? When we look at the familiar demographic trends — aging Baby Boomers, the clash of values between Generations X and Y, the influx of skilled new immigrants — we need to ask how these shifts will affect our banks and insurance companies, our securities firms and mutual fund marketers, and our financial planners and risk managers.

Can we manage the oncoming wave of demographic change? Do we know how the equally transformative pressures of technology change, globalization and increased competition will impact our workforce? Are we ready for these impacts? More importantly, are our best and brightest young people ready to succeed in the world of financial services? Do they even want to?

A lot rides on the answers to these questions. Toronto is Canada's financial services capital, the country's decision-making headquarters for business. Over 220,000 individuals and their families depend on the financial services sector for their livelihoods. All levels of government receive significant tax revenues from it. Most of our major cultural projects, social causes, and health and educational fundraising initiatives depend on its donations and volunteers for success. Whether you own mutual funds, buy stock, have a savings account, pay a mortgage, run a business or receive a pension, your financial well-being rests on the strength of our financial services companies.

Canadians often find more to criticize than praise when it comes to our successful big business enterprises, and the financial community is a frequent target of criticism. With so much of our economy, jobs and individual financial health riding on this sector's ability to succeed, our policy makers must ensure that collectively, we are doing what it takes to guarantee that the sector has the talent it needs. It is equally important to provide education, training and innovative skills development to the individuals who work in the sector or who may find rewarding careers within it.

This report is a step towards finding these answers. The Toronto Financial Services Alliance (TFSA) is a unique partnership among the City, our financial services sector and the affiliated organizations, such as our post-secondary institutions and training organizations that support and contribute to the sector's success. We have a strong, successful financial services cluster in the Toronto region. We are the third largest financial services hub in North America (measured by employment) and one of the fastest growing.

Our challenge — how do we secure our future as one of the pre-eminent financial centers on the continent? How do we maintain our current strength and withstand the growing competition from cities around the world?

An important answer to these questions will be our talent. We have a strong base: successful businesses, a skilled and diverse workforce, excellent training and post-secondary institutions, and a location that boasts an enviable quality of life.

But we also have our challenges: an aging workforce, underutilized immigrant talent, and a new generation that may not have the skills the sector needs. More fundamentally, we have a next generation that may not even want to build a career in financial services. With the globe to choose from, how do we attract young people into rewarding and successful careers in Canada?

In the pages that follow, you will see that we are wrestling with these challenges on many fronts — in our businesses and recruitment agencies, in our post-secondary and training institutions, and inside our financial services organizations. While many see their talent strategies as a unique competitive advantage and a corporate brand that will set them apart, many others recognize that we will have to work collectively on some issues if we are to withstand the international challenges buffeting the sector. How do our financial service providers most effectively interact with our educational institutions? What can our insurance companies learn from the investment community? What can our banks learn from each other that will make them collectively stronger?

Have we answered all the questions? I suspect not. Have we provided all the solutions? I doubt it. What we have done is present the insights of our sector's key human resource leaders and educators, the results of research that literally spanned the globe, and the analysis of professionals whose job is to guide businesses in developing successful talent strategies. Whether you are a public policy maker, an HR professional, a senior executive, or an educator or trainer, we hope this report provides food for thought, advice for moving forward and specific steps to achieve progress.

Many individuals contributed to this report and they deserve our recognition and our thanks:

- The members of our *Strategic Advisory Board* — senior HR professionals in the financial services sector whose thoughtful comments and sage advice helped guide this work. We appreciate the time and energy that they invested in this project. As their jobs grow more demanding and more complex, they are also becoming more critical to the successful execution of their companies' business strategies.

- The professionals at *Deloitte* for their work on what rapidly became a much bigger project that any of us first imagined. Their willingness to respond to what was needed and to draw on their considerable global resources for insights is much appreciated.

- The members of our *Working Group*, who grappled with many of the "how do we do this" questions and whose input contributed significantly. Many are educators whose willingness to explore how to be more responsive to the needs of the sector's workforce will drive more productive change than a dozen reports.

Sincere thanks are also owed to the members of TFSA. Individuals who work in this sector face a tough competitive environment. The time they carve out of increasingly hectic work days to support our mandate is much appreciated. Their contribution is a key factor in helping us get our messages through.

Finally, we thank our government partners: the City of Toronto for supporting this work and recognizing the importance of this sector to its future, the federal department of Human Resources and Social Development, whose funding made this report possible, and the provincial government for its active interest in moving this sector forward.

I encourage all of our partners to consider these pages, to read and to think, to reflect on the challenges we face and to ask what we can do collectively to continue our record of success. We look forward to working through the recommendations with our industry partners.

Sincerely,

Janet Ecker

Janet Ecker
President
Toronto Financial Services Alliance
March, 2007

Executive summary

As a driver of the national economy, the vitality of Toronto's business and financial community is critical to the prosperity of the City and the country. Toronto's financial services industry plays an important role in the business, economic and social fabric of Toronto, and is a significant contributor to the economic vitality and quality of life that are hallmarks of the City. As a consequence, attracting and retaining a vibrant workforce to sustain the industry is not only important to financial services providers but of growing concern to business, education and government stakeholders.

Avoiding a "talent crisis"

The future growth of the Toronto financial services industry and its ability to remain competitive will rely on its ability to address escalating talent challenges. While the industry is not expecting to face a "talent crisis" in the near-term, industry leaders and human resource executives recognize that technical skills are in short supply, competition for talent is increasingly fierce, and significant talent shortages will follow. The shift in business focus to new markets, new client relationships and new approaches to compliance, combined with the shift in demographics reflected in an aging workforce, point to the need for Toronto's financial services industry to start planning today to avoid a talent crisis in the next 5-10 years.

At the individual level, financial services organizations that fail to respond to pending talent shortages will find themselves without the leadership talent to conquer new markets and drive growth. They will also find themselves limited in their capacity to innovate and embrace new technology, lacking the customer relationship skills to meet customer demand, constrained by compliance and risk management requirements, and hampered by their inability to retain key talent while struggling to attract new talent.

Recognizing future consequences

In the past decade, the industry has seen record profits. While there is no immediate "burning platform" to drive change, there are clear warning signs to suggest that talent pressures will continue to mount and limit revenue growth and productivity in the next decade. Skills shortages in key roles, gaps in leadership across the sector, and shrinking talent pools are significant concerns. A failure to recognize the talent challenges facing financial services organizations, and the actions the sector takes to respond to these challenges, may have serious implications for the business community and will reach beyond the borders of the City of Toronto.

As talent becomes scarce, organizations may respond by choosing more near-shoring and off-shoring options outside of Toronto or outside of Canada — a choice which will have dire consequences for local employment and will create a ripple across the country. If people become less willing to commute to Toronto, or new immigrants favour other major centres, more organizations may choose to move their operations outside of the City. This will put a dent in the significant economic, social and cultural contribution that the financial services industry makes to Toronto.

Conversely, if financial services organizations fail to address talent challenges individually and collectively, they will erode their economic strength and ability to compete. If younger-generation talent decides that "financial services" does not fit with their values of collaboration, innovation and work/life balance, they will choose to take their skills, energy and talent to industries readily aligned with those values. If new immigrants cannot see clear paths to career success within financial services, they will choose industries that have more effectively removed barriers.

If there is no collective will to create a vibrant, compelling financial services industry in Toronto that stands as a magnet for talent, other centres across the country and across the globe will take the lead.

The *Talent Matters* study

In April of 2006, the Toronto Financial Services Alliance chose to partner with Deloitte Inc.'s ("Deloitte") Human Capital consulting group to conduct a landmark study probing the human resource needs of Toronto region's financial sector. The research initiative was called "*Talent Matters*", recognizing that the workforce is the real engine for the sustainable growth of our City and our financial services industry.

The *Talent Matters* report combines primary research from surveys, interviews and discussions with industry, government and education stakeholders, with leading-practice research, insight and counsel from Deloitte experts in financial services and talent management. The report identifies the changing business imperatives for the financial services industry and the resulting talent implications, highlights world-class practices in talent management from Toronto and from around the globe, and recommends collaborative action to mitigate talent shortages, and to create a bigger and stronger pool of talent to serve the competing interests of industry players.

Key Findings

Not surprisingly, the study findings indicate that Toronto's financial services industry takes talent seriously. Industry leaders recognize the impact of business and demographic shifts on their future ability to attract, retain and deploy the right people with the right skills, in order to meet their growth and success targets. Individually, most organizations are putting talent issues near the top of their human resource agendas and employing talent-management strategies to strengthen the future talent pool.

Buoyed by a healthy economy, bolstered by access to a diverse and skilled workforce, and supported by top-notch education and training institutions, Toronto's financial services providers continue to achieve strong performance in an increasingly competitive marketplace. As the industry strives to grow and compete on a more global stage, however, it needs to take more aggressive action to adequately address talent needs.

The Need for New Strategies

The *Talent Matters* study highlights the need for new strategies to grow the shrinking talent pool, mitigate the loss of critical skills, close the widening leadership and skills gap, better integrate new immigrants, capture full value from retirees and last, but not least, meet the needs of the next generation workforce.

The findings indicate that talent-savvy financial services organizations will need to become better at:

- Identifying critical skills required for current and future success;
- Improving data collection and talent metrics; and
- Initiating individual and collective action to build future workforce capacity and capability.

An Appetite for Collaboration

In response to talent challenges, the *Talent Matters* study reveals an appetite amongst financial services leaders for increased industry-wide collaboration on three fronts:

- Eliminating barriers to hiring and integrating immigrants;
- Improving financial services education; and
- Enhancing the Toronto financial services brand.

Collaborative efforts today will allow Toronto's financial services industry to exert greater influence on governments to make regulatory changes that give the industry easier access to global talent, to partner more closely with educational institutions to create the kind of programs that best serve the future skills needs of the industry, and to enhance the overall Toronto financial services brand to complement individual organization brands in order to attract a broader pool of talent from which to draw upon.

Reading the Report

The *Talent Matters* report was written with several key audiences in mind, including human resource executives and industry leaders across the financial services spectrum, educators and educational institute leaders at the post-secondary level, governments at the municipal, provincial and federal levels with a stake in the health of the industry and the workforce it supports, and the business and education-related associations that have a stake in the financial services industry.

Each section of the report considers current realities and anticipated future challenges. The various sections will be of interest to different audiences. Human resources leaders will want to better understand the Talent Strategies and Leading Practices that are highlighted and address the Talent Implications and Future Talent Challenges with their chief executives. Educators will look to the Changing Financial Services Landscape to help them move ahead of the curve in preparing students to meet industry needs. Government officials and association executives will want to be aware of how they will be able to work with the industry on solutions, as outlined in the Value of Collaboration.

A Call to Action

This report, in addition to sharing the results of the *Talent Matters* study, serves as a call to action for financial services industry leaders and the senior human resource executives who are charged with their organization's talent agenda. This is an opportune time to shape talent strategies today that will help create a strong talent market for tomorrow, one that serves the interests of the industry and the City it calls home.

The *Talent Matters* report also provides a catalyst for industry-wide collaboration. It sets the stage for industry stakeholders, including post-secondary educational institutions and all levels of government, to strengthen linkages and rally around a common vision. It creates a platform from which new talent strategies can be launched to facilitate the long-term growth and competitiveness of Toronto's financial services industry.

Toronto's financial services industry – a snapshot

The importance of the financial services industry to Toronto's economic health and prosperity cannot be ignored. As a major employer, economic driver, player on the global stage, and a key partner and collaborator — both from a business perspective and a broader social, cultural and community perspective — the industry is vital to the continued growth and attractiveness of Toronto as a place to live and to work.

Despite the industry's sustained economic performance and continued growth, it is not immune to global shifts in regulation, demographics and consumer demand. This snapshot of Toronto's financial services industry captures the value of the industry's contribution to the City, the dominance of the industry in the talent marketplace, and the vulnerability of the industry to talent challenges that, if not addressed, may undermine future competitiveness.

As the business and financial capital of Canada, Toronto is home to 29 percent of the nation's financial services industry.[1] Toronto houses the five largest domestic banks, 17 out of 25 foreign bank subsidiaries, and three-quarters of the foreign bank branches operating in Canada. Two of the three largest life insurance companies in the country are headquartered in Toronto, as are fifteen of the top twenty mutual fund companies. Growth in the industry has surpassed that of most North American centres, earning Toronto its standing as the third largest financial services centre in North America, after New York and Chicago.[2]

The infrastructure for Canada's financial services industry is also in Toronto. The Toronto Stock Exchange (TSX) — the third-largest stock exchange in North America and the seventh-largest in the world [3] — is the global leader in listings of mining and oil and gas firms. Additionally, over one-half of Canada's 208 securities firms and almost three-quarters of Canada's pension managers are located in Toronto.

The financial services industry plays an important role in the business, economic and social fabric of Toronto, and is a significant contributor to the economic vitality and quality of life that are hallmarks of the City. Attracting and retaining a vibrant workforce to sustain the industry is of growing concern to business, education and government stakeholders. To better understand the talent landscape and to begin to address the industry's talent challenges, the Toronto Financial Services Alliance (TFSA) engaged Deloitte to conduct a landmark research study — *Talent Matters* — that is the foundation for this report.

About the TFSA/Deloitte *Talent Matters* study

The *Talent Matters* study engaged representatives across Toronto's financial services industry through the following: a survey of 80 human resources and business leaders; interviews with an additional 35 industry, association, education and government representatives; focus groups with associations and education institutions; a discussion forum with over 75 industry stakeholders; interviews with global Deloitte financial services and talent management thought leaders; and a review of Canadian and global published information on changes in the financial services market, anticipated labour challenges, and world class talent strategies.

Mainstay of the economy

As the Ontario economy continues to shift its focus from manufacturing to an increased reliance on the service sector, financial and business services, in particular, are increasing in economic value and importance.[4] Financial services account for approximately 17 percent of Toronto's gross municipal product, making the industry the largest contributor to the local economy.[5]

Because of the strength and concentration of industry players, Toronto has developed into a major financial services "cluster". The Institute for Competitiveness & Prosperity has identified industry clusters as key drivers of economic performance. Some of the most notable clusters are Silicon Valley in California, for high technology, and Wall Street in New York, for finance and capital markets. Both are engines of local economic growth, but they are also sources of innovation for their respective industries.

As the second largest employer in Toronto, the industry employs more than 220,000 people directly and drives more than 300,000 jobs in the business services that are linked to financial services.[6] Almost eight percent of the 2.8 million jobs in Toronto are in financial services, which is more than twice the national average.[7] Employment growth in the sector has averaged 4.8 percent since 2000 and 3.0 percent in the previous decade, significantly outpacing the average growth of all Toronto-based industries.

On a national scale, the industry is a significant contributor to the country's total exports, GDP and employment. In addition, the industry provides the private sector with access to financial markets and, thus, has a significant impact on economic growth. The financial services industry is also a major consumer of information technology, telecommunications services, and business services such as legal, accounting, consulting and human resources.

With strong, consistent performance, and as the fastest growing industry in Canada over the last 10 years, Toronto's financial services industry continues to have the potential to deliver unique economic advantage. The Governor of the Bank of Canada, David Dodge, has recently described the financial services industry as "an important contributor to economic growth in Ontario." He also said: "An efficient financial sector will continue to be a competitive advantage for this province, both in maintaining efficiency in our own market, and in providing an opportunity to export expertise around the world."[8]

Clearly, the financial services industry is one that matters to the City, to the province, to the nation and to business in the global marketplace.

Key partner and collaborator

Toronto's financial services industry actively partners and collaborates with business and industry trade associations, all levels of government, educational institutions and public policy organizations.

The industry both contributes to financial services education initiatives and draws heavily upon graduates from three local universities — Ryerson University, Rotman School of Management at the University of Toronto, and Schulich School of Business at York University — and five local colleges — Centennial, George Brown, Humber, Seneca and Sheridan, as well as graduates from universities and colleges across the nation.

As a business and public policy advocate, the industry is represented by and/or works in collaboration with a number of business and industry associations, regulatory bodies, and training institutes. These organizations work to build greater public understanding of the financial services sector, develop industry standards, advocate on behalf of the industry for policy and regulatory change, establish training programs and certification standards, and inform educators and students about training, education and career opportunities in the financial services sector.

In addition, the industry makes an important contribution to the City's quality of life through its support and involvement with cultural, social, health and other charitable institutions. For example, financial services organizations dominate the list of contributors to the United Way of Greater Toronto's annual campaign, and the big banks alone raise more than 25 percent of the total United Way funds.[9]

These affiliations further strengthen the reach and influence of the industry in the social, political and economic marketplace.

Global reach and influence

Many of Canada's largest financial services organizations have significant global operations. Over one-quarter of bank revenues are generated outside of Canada.[10] Canada's six largest banks generated 33 percent of their net income from foreign sources in 2003, while 58 percent of life and health insurance companies' premium income was derived from foreign sources.[11]
It is important to note that 86 percent of the jobs associated with global operations are located in Canada and 85 per cent of taxes are paid in Canada.[12]

In addition, the industry is increasingly taking on an export orientation. Changes in technology and the opening up of foreign markets mean that financial services, once thought to be limited to the domestic market, can now be traded across the world. Several of Canada's major financial institutions are now leading exporters in their industry segments, while others are becoming internationally recognized brands. This export orientation opens up the door to an even greater contribution to the Canadian economy, one that is not bound by the size of the domestic market.

All of the large Canadian banks are actively pursuing the U.S. and international markets through the establishment of subsidiaries or through acquisitions, joint ventures and strategic alliances. This trend will continue as Canadian banks attempt to build economies of scale to compete against large international institutions.

A soon to be released Institute for Competitiveness & Prosperity's study ranks three Canadian life insurers among the world's top ten. It also positions Toronto's depository institutions and securities sector just behind New York's in size, based on employment numbers, and ranks two Canadian banks headquartered in Toronto in the world's top 50.[13]

Home to a diverse and highly-educated workforce

Not only is the financial services industry a major employer, it is also home to an increasingly diverse and highly-educated workforce. The *Talent Matters* study reveals that the diversity of Toronto's workforce is a real asset to the industry, and leveraging this diversity is recognized as a real opportunity for competitive advantage.

The fastest-growing cohort within the industry has been older workers. Over 25,000 Toronto financial services workers are now 55 years of age or older. This demographic slice of the workforce has more than doubled in the past ten years — an increase of 233 percent. The second fastest-growing segment has been employees between the ages of 45 and 54, with an increase of 65 percent. The slowest growth — just 3.2 percent — has been for those workers between the ages of 25 and 34 years of age.[14]

Women continue to represent the majority of workers in financial services, accounting for close to 55 percent of the total workforce. The concentration of women in the financial services industry is significantly higher than the national average for all industries, where women now comprise 46.6 percent of the national labour force, a percentage largely unchanged for the past 15 years.[15]

Immigrants represent about 30 percent of all new labour market entrants.[16] The most recent census data reveals that 3.2 million people in Canada's labour force were immigrants (not Canadian-born) — fully 20 percent of the labour force.[17] The financial services industry clearly reflects this diversity, with immigrants accounting for 23 percent of its workforce nationally.[18] In Toronto, the percentage of visible minorities has doubled — from 13.6 percent in 1980 to 36.8 percent in 2001[19] — with 60 percent of new Canadians from the Middle East and Asia.

Our diversity gives us every opportunity to succeed, especially when it's combined with our competitive business costs and our highly skilled, highly educated and highly motivated workforce.

Dalton McGuinty – Premier of Ontario

Toronto employers draw upon one of the world's most highly educated workforces. Among member countries of the Organization for Economic Co-operation and Development (OECD), Canada ranks first, with 44 percent of its working-age population having attained a post-secondary certificate or diploma. Compared to other industries in Toronto, there is a markedly higher level of educational attainment within financial services. Nearly one half of the workforce holds a university degree, as compared to only 31.8 percent with a university degree in other industries.[20] A further 25 percent of the industry workforce holds a post-secondary diploma or certificate.[21]

Toronto financial services employees are world leaders when it comes to the number of recognized designations. According to the Institute for Competitiveness & Prosperity's recent assessment, the industry boasts high numbers of employees with recognized financial service designations. For example, over 2.5 percent of the Toronto financial services workforce holds a CFA designation, in comparison to New York's 1.5 percent and Chicago's 1.25 percent. Similarly, 1.4 percent of the Toronto insurance segment's workforce has the Society of Actuaries designation, in comparison to New York's 0.4 percent and Chicago's 0.2 percent.[22]

Vulnerable to challenges

The strength and stability of Toronto's financial services industry has historically been drawn from its geographic concentration, the growth of the higher-order head office and administrative functions in the banks, a large, available, and skilled labour pool, and the existing critical mass of financial services organizations and educational institutions. The *Talent Matters* study participants suggest that the future growth of the industry and its ability to remain competitive will continue to draw on these strengths.

The threats to the industry created by globalization, global regulatory changes, consolidations that include mergers of the world's largest financial institutions, increasing cross-sector activities, and rapid and revolutionary advances in technology are growing. Regulatory uncertainty and the recent expansions and investments in niche markets (i.e., credit cards) by financial services companies south of the border, have the potential to weaken the industry as an economic stronghold for the City. In addition, the burgeoning economic growth in other parts of the country, such as Calgary, is attracting available resources and potentially diminishing Toronto's eminence as the financial centre of the nation.

On the global stage, Toronto is competing for attention across all industry segments. While significant inroads have been made in insurance, brokerage and discrete areas of the investment segment (i.e. mining), the Canadian industry, overall, is not recognized as a significant global player. In banking, the industry has not been able to leverage the assets required to be a lead lender on significant global transactions. Deloitte industry experts suggest that investment organizations, by and large, have not been able to attract the size of capital required to compete globally. The kind of growth that is required in a mature market will elude many financial services organizations, as their hands are tied by regulations that limit foreign ownership. Expansion into other industry verticals will require developing or acquiring new skill sets.[23]

Competition in product innovation and customer service will continue to be fierce. Deloitte research suggests that some of Toronto's larger financial services organizations — those that are less nimble, have been constrained by their approach to compliance, and have failed to embrace a high-touch customer focus — may see their profits dwindle, as niche players and new entrants into the marketplace bring innovative products and customer-service savvy. On the cost-savings front, the industry has yet to benefit from the full value of off-shoring and from the technology solutions that have been realized by other global players.[24]

Changing workforce demographics — both in Toronto and around the globe — are resulting in labour and skills shortages. The retirement of the Baby Boomers (those born between 1947 and 1966), the shrinking labour pool, and critical skills shortages have the potential to impact business performance and negatively affect the bottom line.[25]

The realities of today's demographics and the competition in the global marketplace confirms a future talent gap. Toronto may not be feeling it as strongly as other regions because the Canadian economy is hot. The financial services industry may be operating under a false sense of security as money is readily available today to solve current talent challenges. Those in the know realize there is a bigger issue looming.

Executive Search Firm President – *Talent Matters*

The *Talent Matters* study indicates an awareness of these vulnerabilities and some interest on the part of local industry leaders to further explore these challenges. By recognizing that there are lessons to be learned from the state of the industry on a global scale, Toronto's financial services industry will want to take the right steps to remain competitive and, ultimately, to thrive by focusing on talent as a priority.

***Talent Matters* focus**

In addition to sharing the results of the study, the focus of this report is to explore the expected changes in the financial services market, develop an understanding of the talent implications of these changes, and identify talent-focused strategies and solutions.

The *Talent Matters* report also provides a catalyst for industry-wide collaboration, sets the stage for industry stakeholders to rally around a common vision, and creates a platform from which new talent strategies can be launched to facilitate the long-term growth and competitiveness of Toronto's financial services industry.

For the purposes of this report, the use of the terms Toronto, City of Toronto, Toronto region and Toronto area are used interchangeably and are based on the following definition: The Toronto Region Census Metropolitan Area (CMA) which is an urban labour market defined by Statistics Canada and based on labour market and commuting patterns. It consists of the City of Toronto, Ajax, Pickering, Uxbridge, Georgina, East Gwillimbury, Bradford West Gwillimbury, New Tecumseth, Whitchurch, Stouffville, Newmarket, Aurora, King, Vaughan, Richmond Hill, Markham, Mississauga, Brampton, Caledon, Orangeville, Mono, Halton Hills, Milton, and Oakville.

Toronto's financial services industry includes the banking, insurance and investment sectors and encompasses the City of Toronto, as defined above.

Changing financial services landscape

Deloitte's global research across the financial services landscape highlights the pressures of globalization, the need for the industry to embrace new markets, and the importance of a renewed focus on customer relationship management, coupled with a new approach to compliance and risk management.

The pressures will mount as Toronto's financial services industry seeks to broaden its footprint to sustain growth. These pressures will also drive the talent needs of financial services organizations, making it all the more important to find employees that can lead new market growth, build and sustain customer focus, and channel risk and compliance into opportunity.

The worldwide market for financial services is evolving rapidly and by 2010 will likely look very different than it does today. There are significant business trends at play, including investment growth in capital markets, the restructuring of the payments business in banking, and the shift in focus from the long-term accumulation of wealth to the managed consumption of that wealth. As an employer, the industry must also be mindful of the demographic transformation that is underway and how "the battles of the future will be battles for talent." [26]

Changing global market

Like others in the global marketplace, Toronto's financial services industry will continue to struggle to sustain growth in a mature market. Globalization, regulatory changes, consolidations and advances in technology are putting pressures on the industry. *Talent Matters* respondents note that the industry is shifting focus from the local to the global stage, and that there is significant pressure imposed by compliance and regulatory demands.

Deloitte's 2006 Global Financial Services Outlook report, developed jointly with the Economist Intelligence Unit, explored the top trends, challenges and opportunities that global financial services providers must address over the next three to five years.[27]

The report concludes that while regulatory compliance and risk management remain top-of-mind, we are seeing the emergence of more disciplined approaches to manage compliance costs and to avoid costly overlap and duplication of effort, as well as more sophisticated methodologies to control risk. Opportunities in new markets abound — particularly those in emerging markets, such as Asia Pacific. As well, financial institutions of all stripes will increasingly take advantage of innovative tools and technologies to enhance the customer relationship and address the needs of an aging population.

As financial service providers look to the future, they are struggling to sustain growth in a world of fast-changing threats and opportunities. The choices that financial institutions are making every day will determine whether they can achieve their goals of exploiting emerging opportunities, managing risks and gaining a competitive advantage during this crucial period.

Deloitte's *Global Banking Outlook 2005*

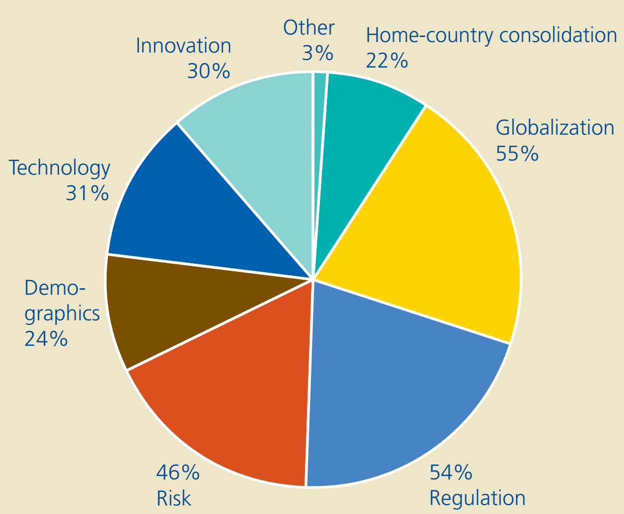
> We need scale to be a global player. The government needs to allow mergers and integrations to occur. We can still keep ownership in Canada, but improve our ability to compete globally.

Investment CEO – *Talent Matters*

In Canada, the prospect for consolidation within some segments of the industry still remains uncertain. David Dodge, the Governor of the Bank of Canada, notes that "if we want our financial institutions to remain a major economic driver in Canada, then we need to make sure that the regulatory framework under which they operate encourages competition and innovation, and does not prevent them from maximizing efficiency."[28]

Which drivers of change will have the most impact on profits over the next three years?

Impact on profits: changing market factors



Source: Economist Intelligence Unit/Deloitte Research - 2005

Three strategic imperatives

Toronto's financial services organizations face many of the same challenges as other global industry players. To meet these challenges, Deloitte's research indicates that organizations need to focus on three key strategic imperatives to continue to grow profitably:

- embrace opportunities in new markets;
- refocus customer relationships through technology and innovation; and
- adopt new approaches to managing compliance and risk.

Each of these strategic imperatives is not only critical to business success but also has an impact on talent demand and talent management.

> There are a number of opportunities for growth — particularly through globalization and expansion into new markets, innovative technologies to improve service delivery for the customer, and new investment products to meet the needs of retiring Baby Boomers.

Deloitte's *Global Banking Outlook 2005*

Embracing opportunities in new markets

While the Toronto financial services industry has experienced impressive growth to date and stayed competitive through process improvements and cost-cutting, the *Talent Matters* study finds that the industry is shifting its focus beyond the borders of the Toronto marketplace. Over two-thirds of the organizations surveyed for the study had either investigated or made decisions to relocate or downsize their Toronto operations.

Growth in new markets can deliver both new customers and access to lower cost labour. Four out of 10 respondents in Deloitte's global financial services survey cited moves into new markets as a top driver of profits over the next three to five years. Organizations are choosing to enter new markets using a variety of approaches, including joint ventures, mergers and acquisitions, and pure-build options. On a global scale, merger and acquisition volume is likely to remain high. Deloitte expects mergers to impact 700 European banks over the next three years.[30]

In a mature market, innovative strategies are required to penetrate new markets — for example, a remote sales force and strategic market segmentation. To deliver innovative strategies, you require employees who are sensitive to the unique segments in these markets so they can close the deal.

Banking Business Executive – *Talent Matters*

All of the major financial organizations in Toronto and across the country are actively pursuing new markets in which to grow. While some of the banks have made acquisitions in the U.S. market, Deloitte's industry experts suggest that, for the most part, they have not yet realized the anticipated benefits.[31] As a result, in the last decade, banks in particular have been reluctant to capitalize on U.S. acquisition and consolidation opportunities. These same experts note that the eagerness to embrace opportunities in new markets has also been tempered by Canada's protective regulatory system.[32]

The industry is also looking to lower costs by sourcing labour in other markets, which has become a competitive necessity over the past 10 years. Off-shoring will ramp up as organizations recognize the efficiency improvements that can be realized through the people and cost savings attained by expanded outsourcing, particularly in areas such as India, the Philippines, Malaysia, China and other markets in the Asia Pacific region. Organizations will continue to look beyond the outsourcing of IT services to include actuarial services, human resources and other back-office functions. Increasingly, they will need to simplify and streamline their processes to realize maximum benefits from off-shoring.

These off-shore operations also give financial services companies a foothold in new and emerging markets, where revenue opportunities may be significantly more lucrative than in mature markets back home. These new markets are not only sources of more affordable labour, but increasingly, a gateway to highly-skilled talent. Close to 63 percent of *Talent Matters* respondents indicate that the contracting of services and functions outside the organization is one mechanism used to access additional talent.

As Toronto-based financial organizations continue to enter new markets to expand their customer base and grow revenues, or exhaust their improvement opportunities and look to lower their costs through off-shoring, they will be faced with unique talent challenges. Sourcing and managing talent in remote geographies, maintaining a strong employee brand across borders, building leadership talent to manage global teams, and moving talent between countries are just some of the talent issues for which organizations must begin to plan and against which they must execute.

Refocusing relationships using technology and innovation

As direct customer access and pricing pressures lead to commoditization, financial services providers are looking for new ways to deliver an innovative customer experience — one that is targeted to unique customer segments and emphasizes convenience, service and value.

In the greying markets of North America, Europe and other parts of the globe, payouts will soon begin on trillions of dollars in retirement assets. At the same time, responsibility for retirement security is increasingly shifting to individuals and away from governments and employers. To date, financial providers have focused on building relationships with affluent Baby Boomers and early retirees. Future growth will come from helping retirees manage and maintain a steady stream of income.

Technology has empowered customers to loosen ties with financial services providers, but it can also be harnessed to rebuild and strengthen relationships. On the retail side, the focus will be on personalization, ease of navigation, and a revival of personal client contact as one component of a multi-pronged relationship. On the institutional side, capital markets organizations will develop more sophisticated client platforms that provide trading scenario analysis, risk modeling and performance management reporting.

As a retail director at multinational ING Bank once remarked, "Our account managers have remarkable product expertise, but our clients' needs have changed. How do we cultivate generalists rather than specialists, and encourage our account managers to rely on access to experts, rather than be experts?"

Deloitte Research - *It's 2008: Do You Know Where Your Talent Is? Why Acquisition and Retention Strategies Don't Work*.

To achieve long-term success and differentiate themselves from the competition, now more than ever, financial institutions have to foster relationships with individuals — providing advice and developing products that meet client needs at all stages of the lifecycle. As retirees look for enhanced customer service that is both "high tech" and "high touch", financial advisors will need sophisticated data and innovative support tools to meet this new level of customer demand.

Significantly, the *Talent Matters* survey finds that Toronto's financial services organizations are experiencing talent shortages for technology specialists and expect further shortages over the next five years. In addition, respondents define these shortages as "detrimental to customer relationships and negatively impacting innovation."

Innovation will be key to the development of systems capabilities that can capitalize on the value of these new customer relationships. While some organizations in Toronto's insurance, credit union, and credit card segments have made focused investments in client-relationship management, collectively, the industry needs to do more to establish a new customer focus across product and business lines. The industry will need to make greater investments in new technology and increase the focus on innovation to drive growth.[33]

Industry experts interviewed for the *Talent Matters* study note that new product innovation (including new financial instruments as well as new financial technologies, institutions and markets)[34] has long been a hallmark of the industry. The focus on process and service innovation, however, is growing in importance, providing competitive advantage both in terms of customer relationships and revenue growth. Process and service innovations — including new business models, management techniques, and organizational structures — also tend to reduce complexity and cost, contributing to top-line growth and bottom-line profitability.[35]

> The financial services industry has moved beyond the 'cost' generation and 'competence' generation and has now entered the 'innovation' generation. The big question for business leaders is how to build innovation into the business. The answer requires both a customer orientation and a welcoming environment for people to come forward with ideas. The industry is struggling on both counts.
>
> Educator – *Talent Matters*

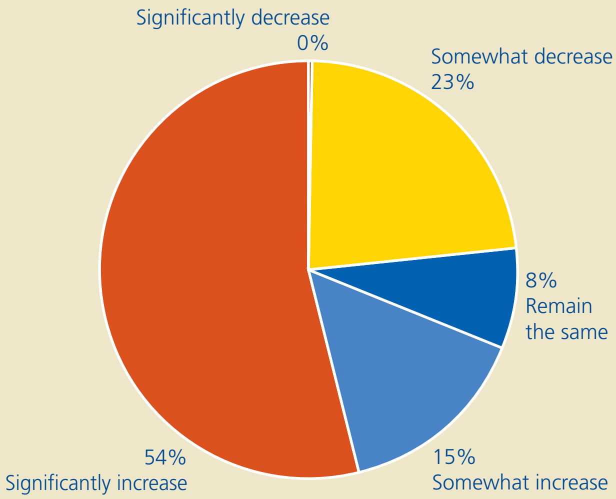
As Toronto-based financial organizations focus on re-defining customer relationships and downplay product innovation in favour of process and service innovations, they will require talent that is innovative, flexible and customer-focused. They may also require the development or acquisition of new knowledge not present in the existing talent pool. Attracting talent that is innovative and technology-savvy, creating an employer brand that speaks to flexibility and nimbleness, and creating the right training and development programs to build customer relationship skills will require new approaches and focused attention.

Adopting new approaches to managing compliance and risk

As the *Talent Matters* study indicates, there is deep concern across all financial services sectors about the cost of regulatory compliance and the shortage of talent available to respond to the demands of regulatory compliance. The increased controls and regulatory mandates — as a result of Basel II, Solvency II, Sarbanes-Oxley and/or other local requirements — have forced financial institutions to invest substantial financial and human capital resources in compliance activities and compliance management.

Compliance and risk management-related role shortages are expected to increase over the next five years.

How will talent shortages in compliance/risk management roles change in the next five years?



Source: *Talent Matters*

These regulatory requirements make operational risk top-of-mind for financial services organizations. More than half of those surveyed in Deloitte's survey of global financial services executives identified operational risk as harder to manage and an area of greater concern than market, credit and liquidity risk, perhaps because they already have a solid handle on those risk types.[36] Similarly, reputational risk, which is intertwined with operational, compliance and other risks, is emerging as a central concern.

By taking a strategic, disciplined, risk-based approach to their formal compliance functions, financial services organizations can avoid costly overlap and duplication of effort. Across geographies and business lines, organizations need to adopt a uniform methodology for documenting compliance risks and controls, and for testing and implementing those controls, using evolving technology to assist.

A holistic approach — through an enterprise risk management framework — can help mitigate risk across the board. More organizations are sharing scarce resources across functions by employing enterprise risk management (ERM), which can deliver improved profitability to the organization.

The financial services industry is highly regulated, but this has not diminished the need for judgment skills. Regulation has actually driven innovation as long as there is also pressure to compete. This new risk-based market requires more decision-making skills than ever.

Educator – *Talent Matters*

As Toronto-based financial organizations think more strategically and holistically about risk and compliance, they will need to view regulatory compliance as an opportunity rather than a constraint. As a result, they will need experienced talent that can leverage regulatory requirements to build client relationship capabilities and/or use operational risk assessment to improve processes.

Talent Matters respondents note that regulatory and risk-related roles lack the appeal that is associated with more financially-focused roles, such as investment banking and financial restructuring. They also recognize that developing new skills in the current cadre of compliance professionals is a challenge, as is competition in the market for compliance professionals who can bring strategic and innovative thinking to these roles.

As the financial services landscape changes in response to shifting market trends, Toronto financial services organizations intent on being positioned for success will want to do more workforce planning now. Cracking new markets, building stronger customer relationships by leveraging technology and innovation, and introducing new approaches to managing compliance and risk will require the right talent, with the right skills to deliver business results.

Changing workforce profile

In parallel with the anticipated changes to the market, there are significant demographic trends that will affect the ability of Toronto's financial services organizations to satisfy future talent requirements: the aging workforce, declining birth rates, increased labour mobility and the continued entry of new immigrants.

Labour force data, combined with insights from the *Talent Matters* study, suggest that these demographic changes will have a profound impact on Toronto's financial services organizations. This section highlights the specific impact on Toronto's financial services sector of the demographic changes at play globally.

The exodus of the Baby Boomers from the labour market will create experience gaps. Declining birth rates and increased labour mobility will decrease the supply of local talent. The influx of new immigrants to Canada, almost half of whom are destined for Toronto, will provide a strong pool of talent, but will also pose unique challenges in the integration of these new entrants into the workforce.

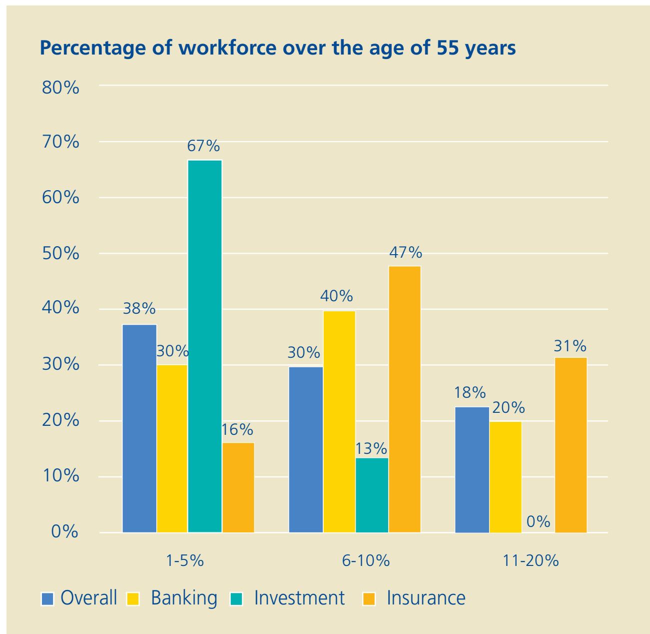
Aging workforce and declining birth rates

Approximately 26,800 members of Toronto's financial services workforce could elect to retire at age 61 in the next five years, with nearly one-third likely to retire by 2020.[37] The average retirement age in the industry is 60.8 years, a full year younger than the average retirement age in the broader private sector.[38]

The leading edge of the Baby Boom generation is now entering retirement. Statistics Canada's Labour Force Survey found that, in aggregate, 12.2 percent of the financial services workforce is 55 years of age or older. The percentage of those between the ages of 55 and 64 has increased by 6.3 percent since 2000.[39] A further 45,000 (20 percent) are between the ages of 45 and 54.[40]

The insurance sector is most affected by the greying of the workforce. The *Talent Matters* survey finds that insurance organizations report having the greatest percentage of workers 55 years of age or older, compared to banking and investment organizations who reported having the fewest.

Insurance organizations report having the greatest number of workers 55 years of age or older.



Source: *Talent Matters*

Birth rates in Canada are also declining. Overall, the crude birth rate (total number of live births per 1,000 population) for Toronto has slightly decreased from 13.1 in 1997 to 12.1 in 2002.[41] This fact, combined with the aging workforce, suggests that the overall supply of national and local talent will decline significantly.

As a result of all of these factors, organizations may be facing the potential loss of one-third of the existing workforce, which will represent a significant loss of experience, knowledge and organizational memory.

There is a generational issue — today's talent is looking for more work-life balance and less job security. They are much more mobile and are more loyal to their profession than they are to their organization.

Banking HR Director – *Talent Matters*

Increasing labour mobility

Human Resources leaders interviewed for the *Talent Matters* study suggest that the Toronto market's financial rewards are not substantial enough to attract some international talent. Compensation and taxation levels make it difficult to entice U.S. talent across the border. European talent frequently sees Canada as a stepping stone and moves to the U.S. at the first opportunity.

Globalization, the introduction of more favourable immigration policies, the spread of new information technologies and lower transportation costs have all contributed to the increased mobility of talent. The World Bank's recent report, *International Migration, Remittances and the Brain Drain*, describes the acceleration of the international flow of highly-skilled workers that has occurred over the last decade.

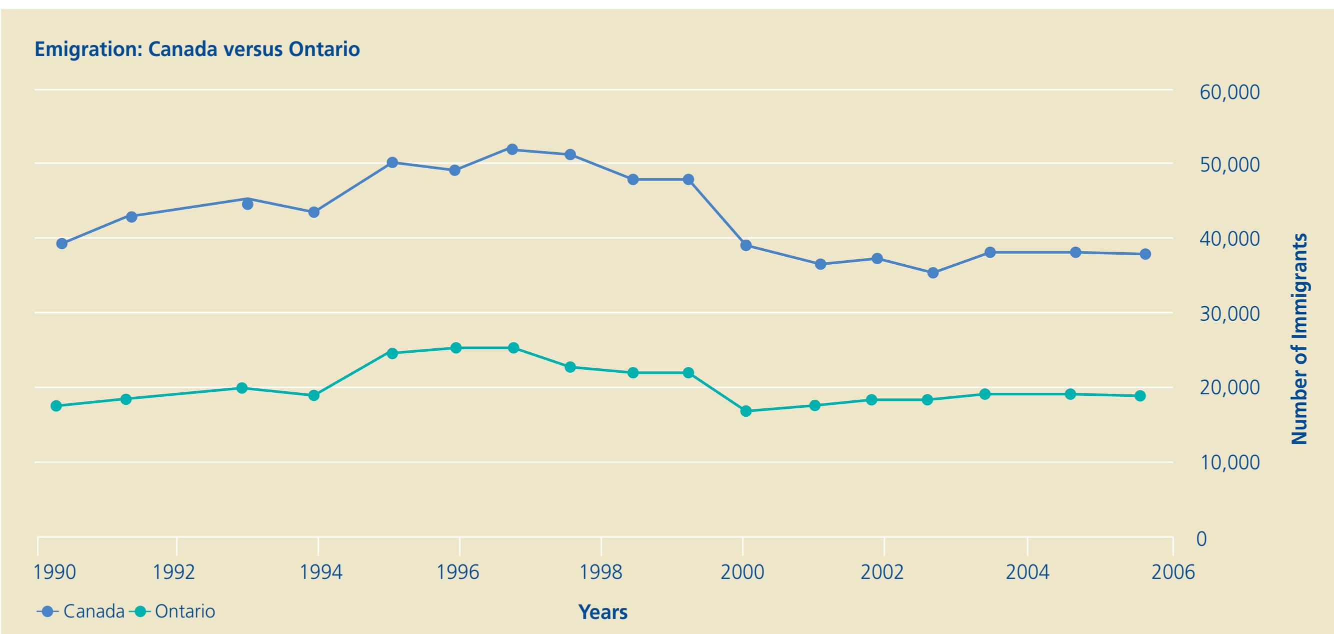
Well-educated and highly-skilled individuals from developing countries are being increasingly recruited to meet the global demand for talent. This is the case for medical doctors from sub-Saharan African countries or the Philippines, information technology experts from India, Taiwan and China, and mathematicians from the former Soviet Union, among others.[42]

Additionally, local talent is increasingly mobile. A report by the Organization for Economic Cooperation and Development showed that roughly seven percent of Canada's most highly educated workers are living abroad. That translates to nearly 500,000 people, the fourth-largest number among OECD nations, behind Sweden, France and Mexico.[43]

The economic lure of earning power in the U.S. was clearly a factor in emigration in the last decade. Greater employment opportunities, higher incomes combined with the strong U.S. dollar, and the potential to earn more income upon return to Canada were all contributing factors. Not surprisingly, Canada and Ontario saw a huge upswing in emigration in the early to mid '90s and more dramatic declines after 2001 — likely associated with 9/11 and the additional barriers to cross-border travel.

As talent moves more readily across borders and the next generation of employees becomes more mobile and transient, the pressure to retain talent will mount. As a result, Toronto-based financial organizations will find it increasingly difficult to hold on to talent and will be challenged to find new approaches to connecting employees to their organizations, to counter mobility.

Emigration numbers in Canada and Ontario are on the rise again.



Source: Statistics Canada – Emigration Ontario, 2005

Increasing immigrant population

In the *Talent Matters* survey, 30 percent of the organizations surveyed indicate that visible minorities account for 30-50 percent of their workforce. Leading the way, 70 percent of banking organizations surveyed indicate that 30-50 percent of their workforce represents visible minorities. Seventy-five percent of companies surveyed indicate that between one and five percent of their new hires have been new immigrants. Sixty-four percent of the organizations surveyed suggest that the number of new immigrant hires will increase over the next five years.

Only sustained, high levels of immigration will allow the country's labour market to grow. Already, labour market growth in Toronto is a function of immigration.

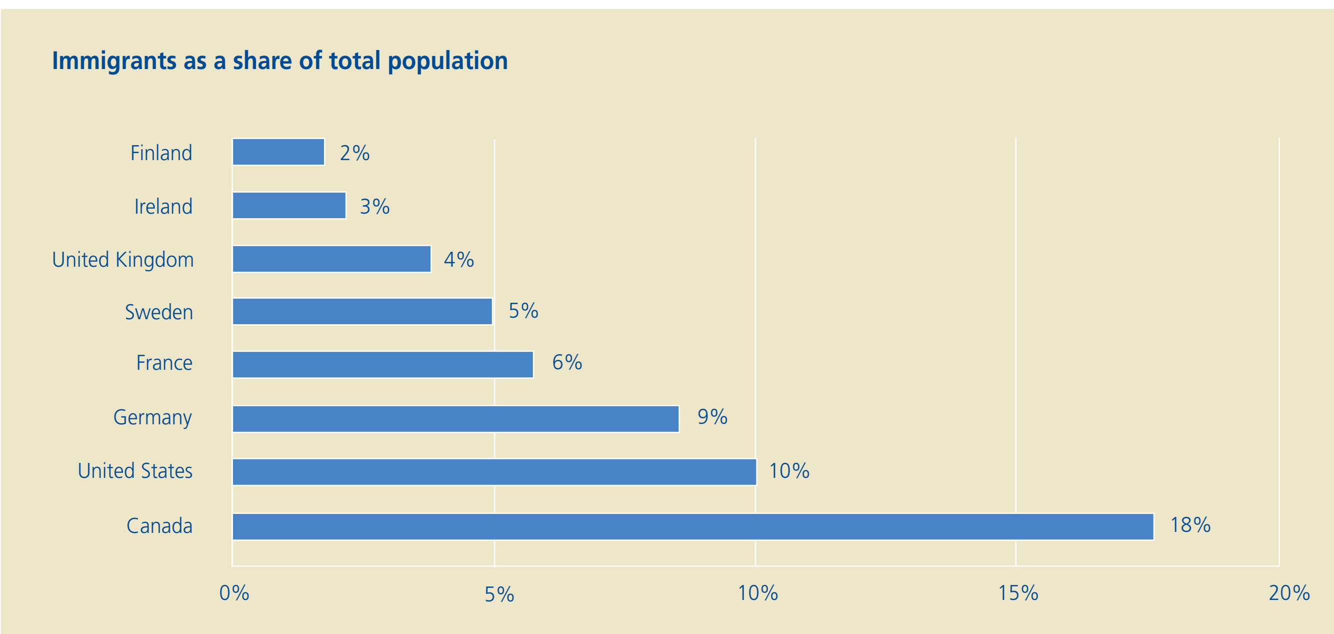
Nearly half of Toronto's current workforce was born outside Canada. During the 1990s, an average of 220,000 immigrants arrived in Canada each year. Of that total, more than 40 percent settled in Toronto. Between 1991 and 2001, the top three source countries for immigrants to Canada were China (10.8 percent), India (8.5 percent) and the Philippines (6.7 percent).[44]

In 2002, 46 percent of arriving immigrants held a university degree. "The number of new immigrants coming to Canada in 2002 with a bachelor's degree — 60,754 — is roughly equivalent to the total annual number of undergraduate degrees granted by Ontario's 29 universities." [45]

While Toronto's financial services organizations have had some success in attracting immigrants to the sector, how well the industry has leveraged the talent and skills of this population and the support that the industry will require in the future to better integrate new immigrants into their workforce, will prove to be important factors in sustaining a robust talent pool.

These demographic shifts combine to create both challenge and opportunity for Toronto's financial services organizations. A prime challenge will be to hold on to the aging workforce. At the same time, there are new opportunities to capitalize on talent from around the globe, and to leverage the skills and abilities of new immigrants to create competitive advantage.

Canada boasts one of the highest shares of immigrants to its total population in the world.



Source: OECD, *Trends in International Migration*, 2004; Statistics Canada 2001 Census

Talent implications and future challenges

This section brings together findings from the *Talent Matters* study and Deloitte research (including studies conducted in partnership with the Economist Intelligence Unit) to underscore the talent implications of shifting market and demographic trends: local and global competition for talent, gaps in leadership, loss of knowledge and skills with retirees, attracting younger workers, integrating new immigrants, and managing an increasingly diverse and multi-generational workforce.

Defining talent strategies and leading practices to respond to these challenges, and identifying opportunities for collaboration between the industry and its stakeholders are important next steps for the industry.

A decade of growth has increased business volumes and the demand for key talent across the financial services industry. As the *Talent Matters* study confirms, current data that captures talent trends and challenges is limited for Toronto–based banking, investment and insurance organizations. There is, however, information on similar talent issues in other jurisdictions and industries that is relevant to Toronto's financial services providers.

Demand versus supply imbalance

Current levels of growth in Toronto's financial industry will create future demand for approximately 1,980 new workforce entrants each year. To support growth in new markets, new products and new services, it is fair to assume that the industry will need to add increased numbers to the talent pool. The anticipated retirement of the Baby Boomers alone will create an exodus of 2,500-4,500 employees per year. Furthermore, the increased mobility of the workforce, combined with the decline in birth rate, will fuel the demand/supply imbalance.

Demand will mean more than the need for a higher headcount. To realize operational excellence in areas such as off-shoring, taxation and financial reporting, service and process innovation, and internal control, the industry will require skills that may not be present in the workforce today. As the talent pool becomes smaller still, "critical talent" — the talent that drives a disproportionate share of the company's business performance — becomes scarce.

The financial services industry is already experiencing demand and supply issues in some critical workforce segments. Deloitte's examination of the U.S. insurance industry finds that insurance companies face a shortage of experienced professionals at all levels, from senior leadership with the vision, innovation and cost-management skills to lead the company to achieve its goals, to middle management experienced enough to take over from long-serving executives moving toward retirement.[46]

Demand for underwriters and claims adjusters, for example, continues to grow. In 2004, the insurance industry had 101,000 P&C underwriters. By 2014, the demand is expected to grow to 109,000. Combining this growth trend with an aggregate estimated turnover rate of 15 percent over ten years means that 23,000 new hires will be needed to fill this demand.

There just isn't enough talent to meet our current demand. Key positions are incredibly hard to fill — we currently have a 37 percent vacancy in key roles and these have been vacant for a long time. We require relationship management skills, finance skills and credit skills that are not readily available in the local talent pool. As a result, we have had to scale back expectations and hire mediocre talent.

Banking HR Director – *Talent Matters*

We are consistently seven to nine percent understaffed across the board. Most shortages are in financial analyst and business analyst positions, where we are looking for skills that include the ability to think on your feet, develop and manage client relationships and take an entrepreneurial approach to business development.

Banking Sales Director – *Talent Matters*

Many major banks and securities organizations, in particular, could face critical deficiencies because approximately two-thirds of all their front-line employees are either less than 30 years old or within five years of retirement.[47] Moreover, with a majority of experienced managers expected to leave the workforce through retirement, many retail banks must work to curtail the loss of vital institutional knowledge.

Between 2004 and 2014, U.S. banks will need to fill almost one million teller positions, as well as thousands of additional positions for customer service representatives, loan officers, and loan counsellors.

Source: Deloitte Consulting LLP Research

Deloitte research indicates that, given the key strategic imperatives that the industry needs to undertake — embracing new markets, using technology and innovation to refocus customer relationships, and taking a new approach to managing risk and compliance — financial services organizations will require the following capabilities to fill the skills gap:

- people leadership;
- ability to drive the customer experience;
- relationship management;
- advanced analytics;
- client-facing ability; and
- international reach.

Industry leaders interviewed for the *Talent Matters* study confirm that these skills will be as important throughout the organization as they will be in the leadership and management ranks.

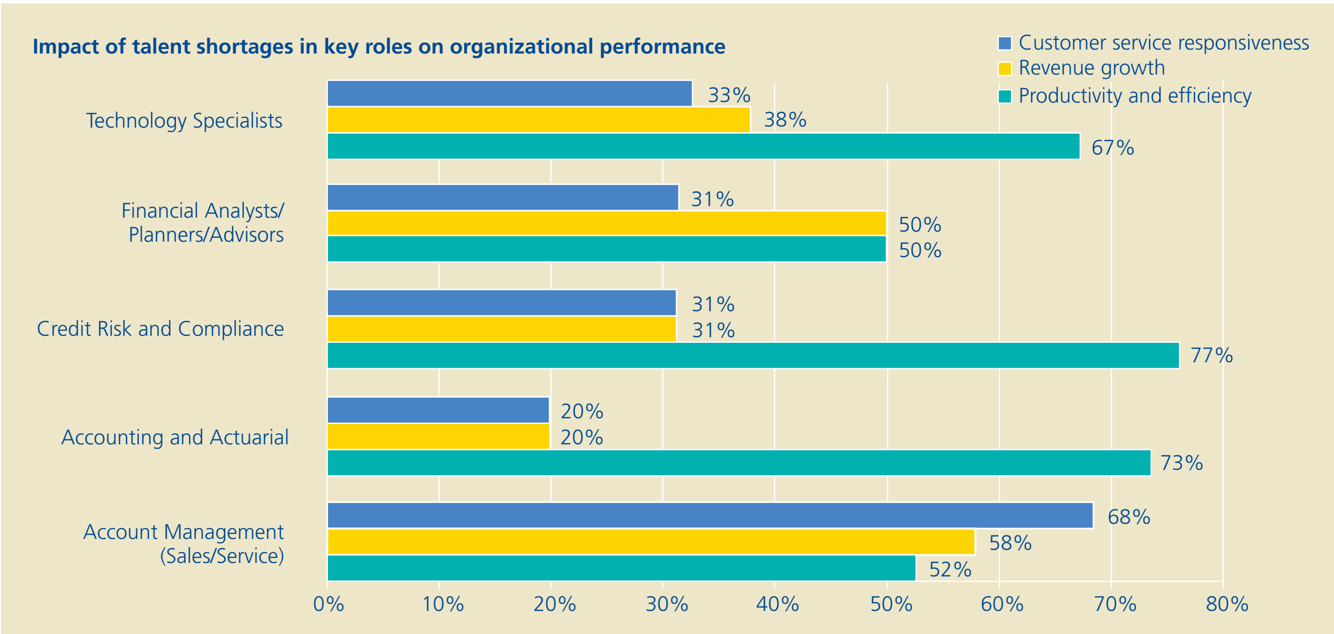
On the supply side, contributions from the global workforce through both off-shoring and immigration can help offset the demand for critical skills. In the short term, however, some of the challenges associated with off-shoring and the barriers to integrating new immigrants limit the extent to which this population can tip the balance.

The demand/supply gap will make it more difficult for financial services organizations to successfully execute their business strategies. Moreover, as the imbalance grows, the cost of talent will climb. Consider the IT talent shortage that was experienced pre-Y2K: it drove the cost of technical talent to unprecedented heights and initiated the talent wars of that era. Talent shortages that are driven by business environment trends are the most difficult to predict. In 2000, it would have been impossible to predict that by 2005, there would be shortages of compliance professionals. It was not possible to anticipate the events that would lead governments to increase scrutiny of the industry, which in turn, increased the demand for compliance talent.

Current and anticipated talent shortages

While the industry is enjoying strong business performance, the *Talent Matters* survey respondents indicate that current talent shortages are constraining productivity, revenue growth and customer responsiveness.

Talent shortages negatively impact customer service responsiveness, revenue growth, productivity and efficiency.



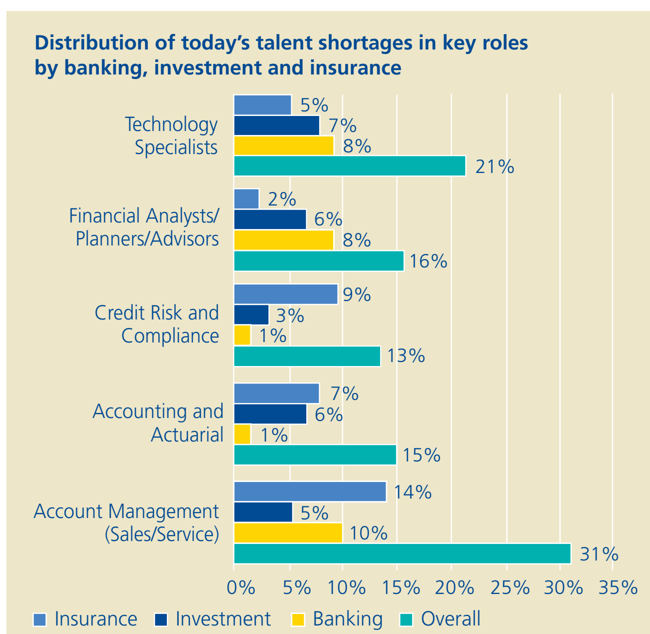
Source: *Talent Matters*

The survey results also confirm that talent shortages are most pronounced in specific areas, many of which require significant quantitative and sales capabilities — e.g., account management, accounting and actuarial, credit risk and compliance, financial analysts/planners/advisors and technical specialists.

Although all three industry segments — banking, insurance and investment — indicate shortages in account management and technology-specialist positions, the investment and insurance segments indicate greater shortages in the accounting and credit-risk positions than does the banking segment.

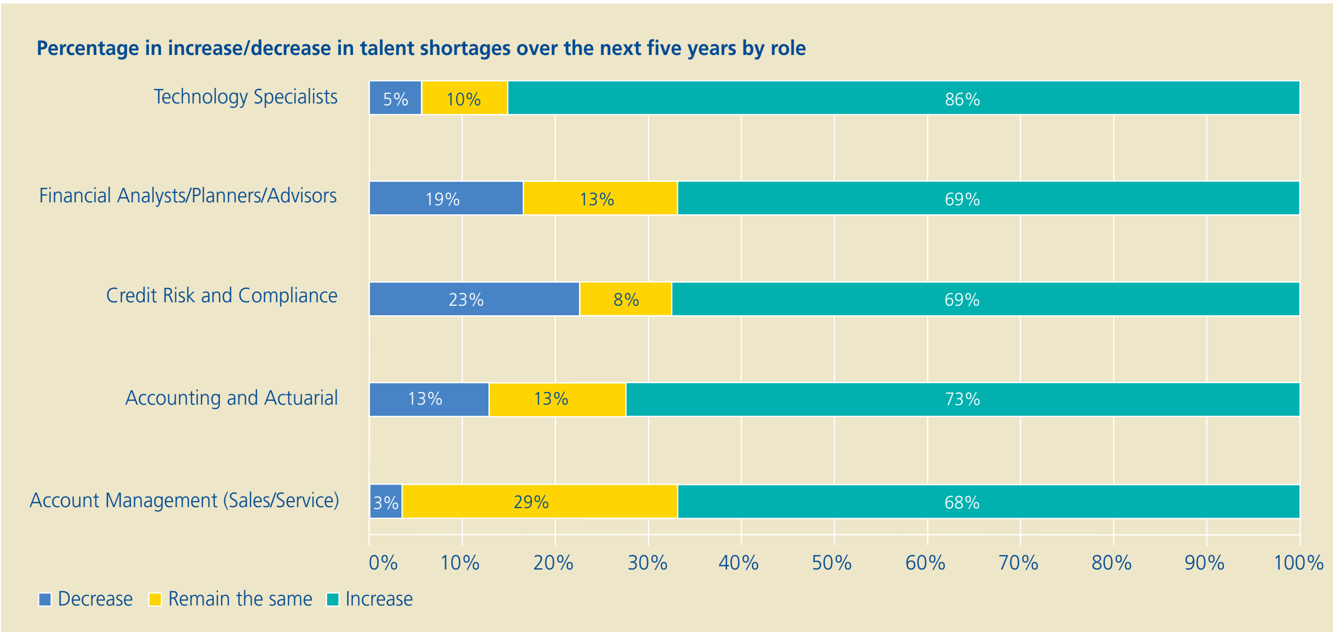
Based on the changing market and workforce profile, and on past trends, it is not difficult to predict that tomorrow's talent issues are likely to be much different than those of today. Organizations forecast a different distribution of talent shortages over the next five years, compared to what they are currently experiencing.

Talent shortages are most pronounced in roles that are critical to delivering the business strategy.



Source: *Talent Matters*

The extent of the talent shortages will change over the next five years in key roles.



Source: *Talent Matters*

Anticipated talent challenges

The combination of a changing business environment, changing demographics and existing talent shortages suggests that Toronto's financial services industry will face the following talent challenges:

- *Local and global competition for talent*: Many local financial organizations, given the maturity of Toronto's financial services market, simply cannot achieve their business objectives by relying on organic growth. As Toronto-based companies expand into new global markets, competition for qualified talent in those markets increases.

- *Gaps in leadership talent*: The retirement of the Baby Boomers and the organizational restructuring that has taken place over the past decade — leaving many organizations without a pool of employees ready to move into senior leadership roles — is creating critical gaps. Fuelled by the growing global competition for talent, the leadership gap will widen.

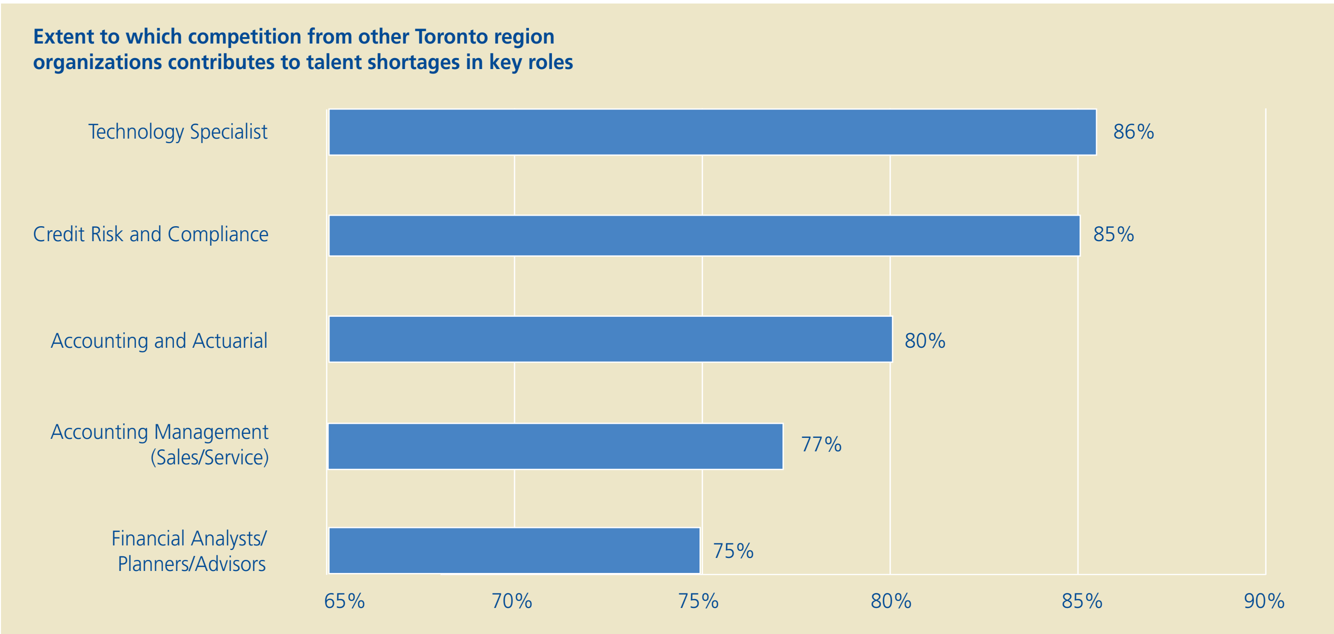
- *Significant loss in critical knowledge and skill with retirees*: Over 25,000 financial services workers (more than 10 percent of the total industry workforce) are now 55 years of age or older. Replacing experienced workers who retire and transferring the knowledge that they hold will present an enormous challenge for the industry.

- *Attracting younger workers and managing multi-generational workforces*: Four different generations make up Toronto's financial services workforce, and each generation requires a different talent management and workforce planning approach.

- *Integrating immigrant workers and managing increasingly diverse workforces*: New immigrants are a critical source of talent to help mitigate potential shortages. Barriers do exist, however, to effective integration of immigrants, including cultural, language, context of experience and credential recognition issues.

Increasing understanding of these challenges, enhancing the ability to predict potential gaps between talent demand and supply, and focusing efforts on developing successful talent strategies to respond to these challenges will strengthen the industry's future competitiveness and create significant opportunities for improved efficiency, service and business performance.

Competition for recruits from other Toronto region financial services organizations contributes to talent shortages.



Source: *Talent Matters*

Local and global competition for talent

Toronto financial leaders interviewed in the *Talent Matters* study find themselves increasingly competing for local talent. On average, 81 percent of those surveyed indicate that competition from other Toronto-based employers contributes to their talent shortages in key roles. The graph above describes how competition affects each of the key roles identified.

Fuelling the competition is Toronto's global reputation as a source of culturally-diverse talent. The City's well-educated and multi-cultural workforce is becoming an increasingly popular target for national and international recruiters. For any business with a global footprint, Toronto offices act as "feeder pools" for national and global operations, leaving gaps on the local front. Historically, Canadian talent was likely to return to Canada at later career stages. In the future, increased workforce mobility and the breadth of global opportunities may reduce that likelihood.

There is a demand for Canadian talent. Canadian managers with international experience are sought after. Canadians are well trained by first-class academic institutions, are culturally diverse, and bring cultural adaptability.

Industry Supplier President – *Talent Matters*

The globalization of the market allows Toronto-based financial services organizations to begin to tap into the global talent pool — potentially gaining access to the world's best. While there is greater access across borders, attracting the best and the brightest to the Toronto marketplace is still difficult for a number of economic and social reasons.

Toronto recruiters and local industry leaders in the *Talent Matters* study suggest that attracting global talent to Toronto is not easy. While a 2005 Economist Intelligence Unit report ranks Toronto as one of the top five liveable cities in the world, some negative perceptions exist. The perceived "drawbacks" of living in Toronto are different for Canadian recruits, than they are for U.S. and international recruits. Concerns about living costs, traffic and lifestyle are prevalent among Canadians, while compensation differentials, access to health care and the limits to career growth minimize the attractiveness of Toronto for U.S. recruits.

From an international perspective, Toronto is recognized as a destination of choice for immigrants from China, India, Pakistan, Korea, Philippines and Taiwan.[48] However, cumbersome immigration regulations, lack of recognition of education and credentials, and other systemic barriers to workforce entry limit the ability of the City and the industry to realize the full economic potential of the global talent pool.

With the Canadian labour market steadily losing capacity to supply the needs of the industry, the future competition for talent will increasingly play out on the global stage. Toronto-based financial organizations will need to be players on that stage to compete.

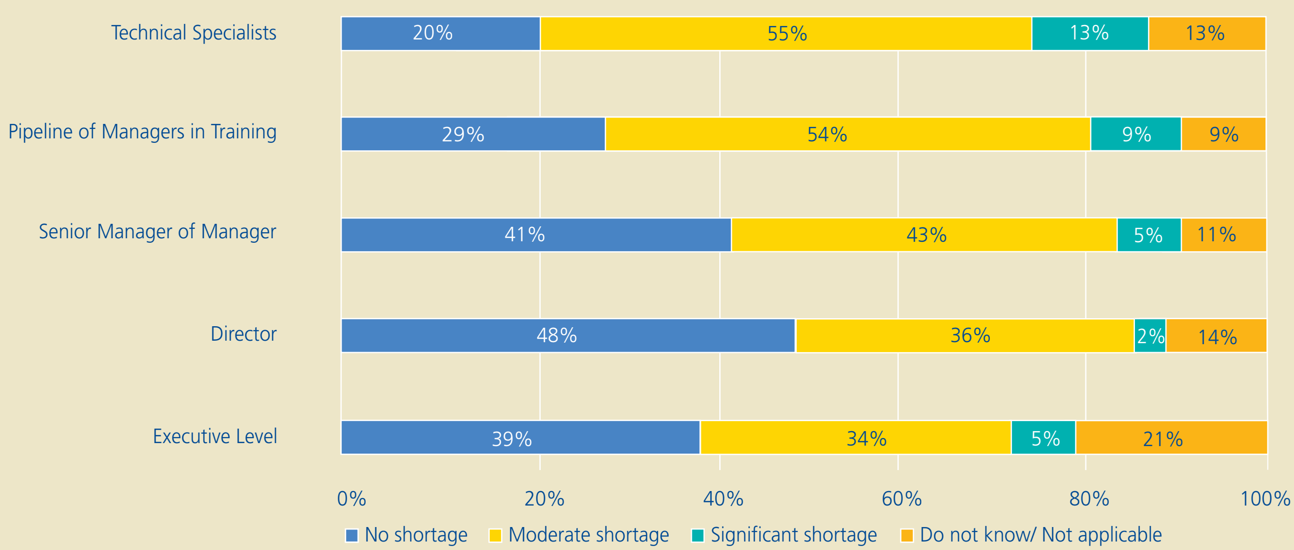
Gaps in leadership talent

The *Talent Matters* survey findings reveal that organizations are facing significant shortages in middle and senior management positions. The gaps in leadership are more prevalent in the insurance industry, with over 53 percent of insurance organizations experiencing shortages at this level. This leadership talent gap is further magnified by the fact that many of the critical skills that the industry requires — people leadership, client relationship focus and international reach — are skills that are found in this leadership group.

RHR International, a U.S.-based consulting firm, claims that America's 500 biggest companies will lose half of their senior managers in the next five years or so.[49] The search for top-quality senior management continues to expand across the financial services sector, with recruitment of executives from other industries in an attempt to get the right candidates.

Organizations are facing shortages in middle and senior management positions.

The degree to which financial service organizations are experiencing talent shortages in leadership positions



Source: *Talent Matters*

Leadership talent is disappearing not only because senior leaders are retiring, but because flatter organizational structures have diminished opportunities for middle managers to develop their leadership skills, resulting in a smaller pool of employees ready to move to the executive levels. The capability of future leaders is also in question as managerial candidates — promoted for the technical expertise that contributed to their past success — do not possess the leadership skills required to support future business growth and success.

A 2006 report by the Conference Board of Canada on Human Resource Trends and Metrics notes that, "leadership succession and development is the number one priority for the majority of organizations" and that "Canadian organizations face the prospect of leadership scarcity." Leadership bench-strength (defined as the number of high potential leadership candidates waiting to step up to bat) for senior executives, senior management and other critical leverage positions "is weak and may be insufficient to meet future needs." [50]

Looking ahead to the next five years, the *Talent Matters* survey finds that 68 percent of insurance organizations forecast an increase in shortages for director-level positions. Among bank executives, the greatest shortages — 67 percent — are anticipated for senior managers.

For the purposes of the *Talent Matters* study the levels of positions were defined as follows:

Director Level: Includes all positions that report directly to the chief executive level and encompasses oversight of a business function or division.

Executive Level: Includes presidents and other chief executives down to the vice president level.

The increasing overlap in the services offered by insurers, banks and investment management houses has broadened the career opportunities for many middle managers, making inter-industry competition fierce.

Growth into new markets, through both new products and new geographic expansion, puts even more pressure on the supply of specialized and skilled leadership talent. As Toronto-based companies continue to expand globally, they will increasingly need leaders with the skills to manage a global workforce. New global markets will demand skilled and experienced leaders with cultural acumen (i.e. languages, business customs), putting a premium on seasoned talent with proven capabilities.

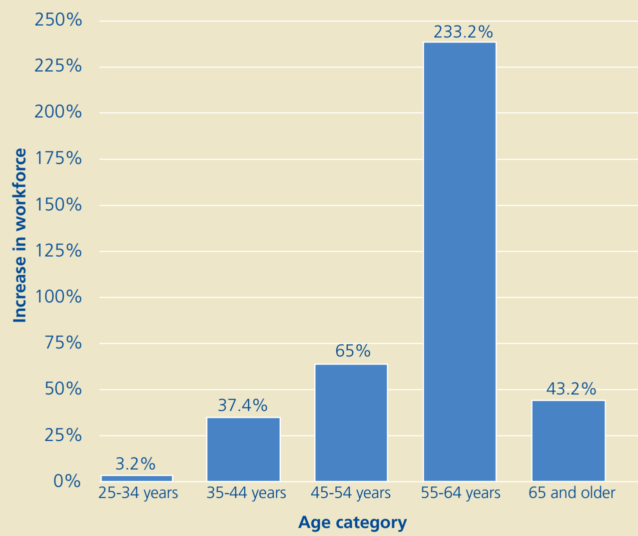
Significant loss of critical skills and knowledge with retirees

More than 33 percent of organizations surveyed for the *Talent Matters* study suggest that they would adopt a retention strategy to encourage existing employees to either postpone retirement or incorporate a phased retirement.

As the fastest-growing cohort within the industry has been older workers — driven by the pending retirement of Baby Boomers — it is not surprising that Toronto's financial services organizations see replacing these experienced workers as a priority.

The fastest growing cohort of the workforce are those between 55 and 65 years of age.

Percentage increase in workforce by age in Toronto's financial services industry from 1995 to 2005



Source: Finance and Insurance Employees in Toronto CMA, 1995 – 2005; CMA Profile.

We will face more of an experience gap than a talent shortage. We are losing our knowledge base and have not done a good job of mentoring and passing the knowledge down.

Investment Business Executive – *Talent Matters*

The aging population — the knowledge workers — holds a disproportionate share of leadership positions and houses a disproportionate share of organizations' knowledge base. They possess highly-developed skills and deep knowledge — not just of the work itself but also of "how to make things happen" in their organizations. Without these knowledge workers, organizations will be challenged to achieve their business strategies and maintain their competitive advantage. Not only will younger members of the workforce continue to lose the needed mentorship to develop in their careers, but when the knowledge and skills of critical talent becomes scarce due to the projected retirement numbers, recruiting wars will follow. Retention of older workers will become even more competitive.

One of the most critical skills at risk is the relationship-management capabilities that the older workforce possesses. With a current business focus on revenue generation, customer acquisition and service excellence, the relationship component is now one of the most important elements for success in the financial services industry. Consequently, organizations will continue to require talent with strong relationship skills. The looming retirement wave will result in a loss of experienced relationship managers, placing more demand and value on those individuals who hold such skills (i.e., relationship management, communication and service orientation), as well as placing an increased burden on the dwindling supply of experienced relationship sellers and middle managers.

It is important to note that not all of the Baby Boomers are retiring — there is a rising presence of older workers in the industry. This may reflect changing attitudes to work, increased life expectancy, and more flexibility offered by employers facing a shrinking labour pool. Staying in the labour force past the age of 55 reverses almost three decades of decline for older males (the participation rate for older females was quite steady at 17 percent until a surge in the last five years to 24 percent).[51] This trend, which is expected to continue, presents a unique opportunity for organizations to plan strategically to address future talent and experience gaps.

The multi-generational workforce

As the age profile in the industry shifts [see graph page 25], organizations will face a new challenge — adapting their human resources strategies to reflect the multi-generational character of their workforce. As the labour pool ages, and with more retirements at a later age, financial services organizations are challenged — for the first time — to manage four distinctly different sets of employees. As one leader in the *Talent Matters* study notes: "*Four different generations make up our workforce and each generation requires a different talent management and workforce planning approach*."

The four generations of today's workforce

Financial services organizations are challenged by four distinctly different sets of employees:

Traditionalist – employed between 30 and 40 years with a set of skills and knowledge that may not be recognized, appreciated, or understood by the younger executives managing them.

Baby Boomer – born between 1947 and 1966, this generation is often used to a more hierarchical style of management. As loyal executives, they need to adjust their "command and control" style.

Generation X – intensely self-focused post-Boomers born during the 1960s and 1970s who often lack company loyalty. Without clear career goals, Gen Xers may place family and community above work requirements.

Generation Y – currently graduating from university who value partnering and collaboration, but seem uncomfortable in hierarchies and rigid structures. Responsibility is rarely sought and, if given, they seek to share it with others.

Source: Managing a Multi-generational Workforce – Gerry Davis, Heidrick & Struggles.

Gen-Y, those born between 1982 and 1993, constitutes the most significant segment of the workforce population after the Baby Boomers. Global research conducted by Deloitte Consulting LLP and the Institute of the Future suggests that while Gen-Y has the potential to replenish the talent pipeline, employers will be challenged to meet these Gen-Y priorities:

- long-term career development and multiple experiences within a single organization;
- sense of purpose and meaning in the work;
- availability and access to mentors and other company champions;
- work/life flexibility;
- tech-savvy work environment; and
- open social networks that embrace open and honest communication.

This new Gen-Y workforce, both sceptical of "big business" and valuing opportunity and flexibility, may perceive the financial services industry as too big, too rigid, and lacking in training, growth and development opportunities.

Moreover, the hierarchical structures and authoritative management practices that are characteristic of many financial services organizations, may not meet the needs of next-generation employees who are looking for opportunities to participate and collaborate, freedom to innovate, and work environments that balance work and life and value fun.[52]

Next-generation values will also have an impact on the expected tenure of workers. In a recent article, The Battle for Brainpower, the Economist reports job tenure down from 15.3 years average in 1983 to 10.2 years in 2000.[53] Shortened tenures will influence the effectiveness of existing career development paths and workforce planning strategies. Training new entrants quickly and transferring knowledge effectively as workforces turn over will become increasingly important in the future.

Organizations will need to rethink their selection, development, retention and transition strategies in order to retain long-time, high-contributing employees and to attract new talent that brings innovative ideas and up-to-date knowledge and skills — irrespective of age.

Integrating immigrant workers and managing an increasingly diverse workforce

Forty-four percent of respondents in the *Talent Matters* survey report that, over the next five years, barriers to new immigrants entering the workforce will be one of the most significant factors contributing to talent shortages. While industry leaders point to a number of initiatives within their organizations that address the hiring and integration of new immigrants, collectively, much of the financial services industry in Toronto sees challenges ahead.

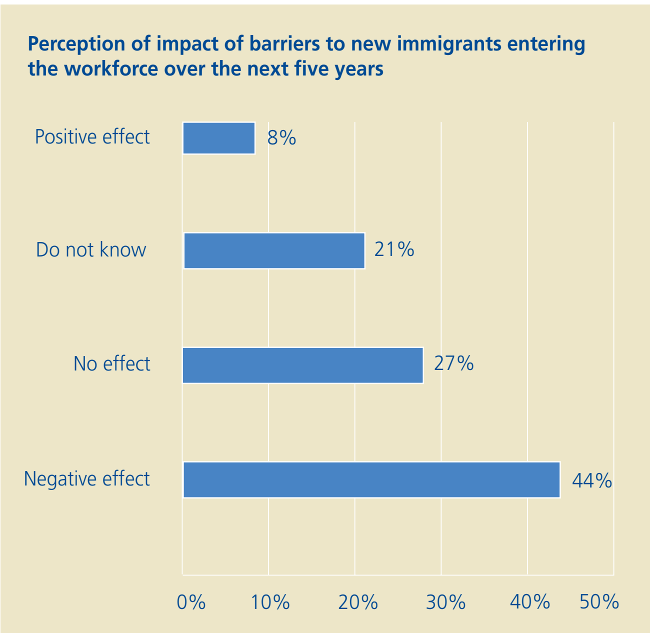
Past generations have each brought unique characteristics to the workplace, but the high-technology adoption, creativity, social connectivity and diversity embodied in the next generation generally differentiates it from others. As workers, this generation will transform the workplace and the way business is conducted to an extent not witnessed since the 'organization man' of the 1950s.

Don Tapscott and Anthony D. Williams
Wikinomics – How Mass Collaboration Changes Everything; Portfolio; 2006

Financial services organizations are still using "lack of Canadian experience" as a barrier to entry. Organizations have to be prepared to take some risks in order for qualified immigrants to gain access at the right level and for the right roles. They need to do a better job of recognizing talent and experience and facilitating the cultural integration.

Executive Search Firm President – *Talent Matters*

Industry organizations report that barriers to new immigrants entering the workforce will have an increasingly negative effect in the future.



Source: *Talent Matters*

For financial services employers, attracting, integrating and retaining skilled and educated immigrants present significant opportunities to augment the supply of talent, address skills shortages and close leadership gaps. At the same time, organizations continue to be challenged by the barriers that immigrants face to adapt to Canadian cultural norms, acquire adequate language competencies and, in all too many instances, to have their credentials recognized by Canadian authorities and Canadian institutions.[54]

In a recent article in the Toronto Star, Gordon Nixon, President and CEO of RBC Financial Group, suggests that some of these barriers are a result of the "business community…dropping the ball when it comes to tapping the potential of immigrants…many of whom are visible minorities." Nixon goes on to note that many organizations "overlook immigrants in their human resource planning; they don't hire immigrants at the level at which they were trained; and they have trouble integrating recent immigrants into the workforce."[55]

Increasingly, Toronto's financial services organizations, especially in the branch-banking and insurance segments, are taking steps to make their workforce more reflective of the City's diverse marketplace, placing heavy emphasis on recruiting from the immigrant population and addressing barriers to integration. Immigration is responsible for net growth in the workforce in many Canadian cities and provinces, including Toronto.[56]

Immigrants to Canada have very high levels of educational attainment. Fifty-five percent of new immigrants enter the country as "skilled workers" or entrepreneurs, providing a pool of skilled talent that can be leveraged.

The industry will be challenged to do more to open its doors and fully integrate skilled immigrants into its workforce, including:

- building increased awareness among senior leaders and decision makers of the significance of the immigrant population as a source of skilled talent;
- providing recognition for the value and transferability of international skills and credentials;
- developing a data-driven understanding of the potential benefits of employing skilled immigrants;
- creating awareness among leaders of the value of skilled immigrants for access to international markets, and local niche/ethno-specific markets; and,
- recognizing that skilled immigrants bring access to new ideas and perspectives to support innovation.[57]

Talent strategies for the future

Financial services leaders understand that organizations with the strongest talent, both leadership and specialized talent, will be able to most successfully create and execute the business strategies required to thrive in the marketplace. To deliver the required bench-strength to the organization, human resources executives are being pressured to move beyond policies and programs, by providing analytical insights and support to help leaders improve their talent decisions, not just implement them.

Using a talent management framework that looks beyond traditional approaches can help. Deloitte's Develop-Deploy-Connect model provides such a framework. Understanding leading practices — identified in the *Talent Matters* study and drawn from Deloitte research — can also be of value.

Talented, motivated people have become the world's most valuable resource.

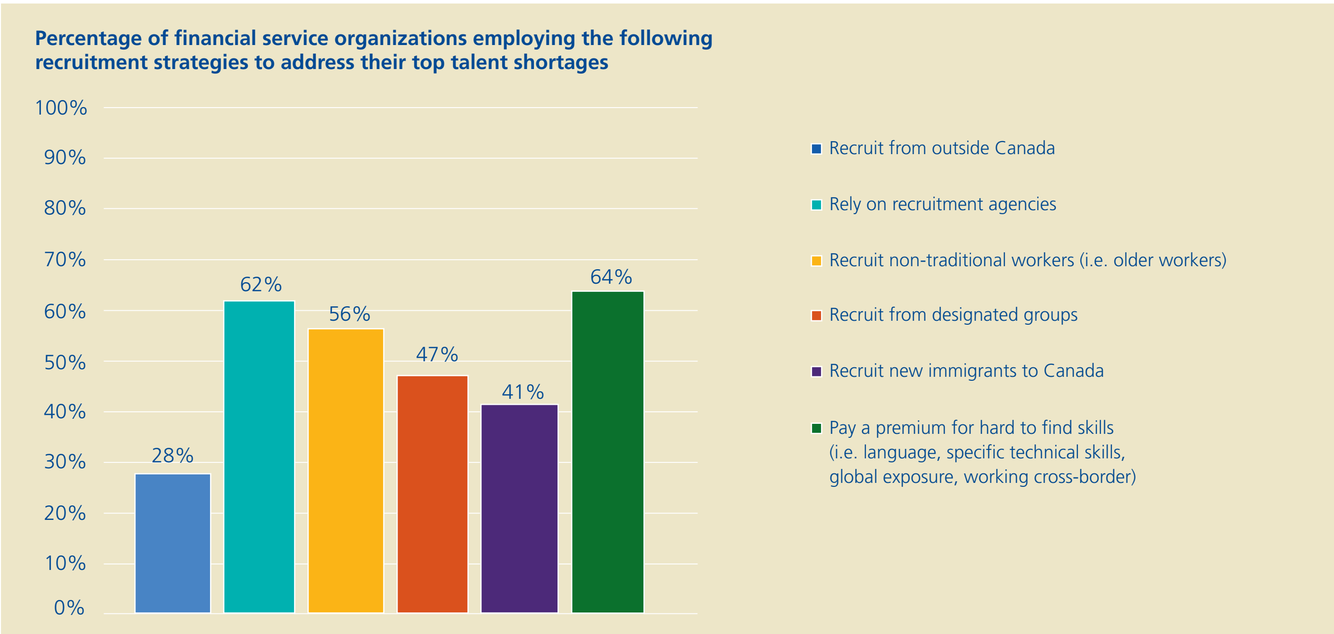
Federal Finance Minister Jim Flaherty in his recent economic report entitled *Advantage Canada*.

Traditionally, and like most industries, financial services has viewed talent management as a linear process, one with an extreme focus on acquisition and retention of talent. What lies between acquisition and retention — the development, deployment and engagement of employees — has not received the same attention.

Not surprisingly, the *Talent Matters* study reveals that a significant number of financial organizations rely on recruitment agencies and paying a premium in order to attract top talent. Although banking, investment, and insurance organizations employ similar recruitment strategies to varying degrees, insurance organizations report greater use of the strategy of "pay a premium for hard-to-find skills".

Industry leaders also note that they are broadening their recruitment efforts by accessing candidates from a broader range of sources and increasing efforts to recruit more non-traditional workers (e.g., older workers).

The industry is relying on global recruitment strategies to address shortages.



Source: *Talent Matters*

Future strategies: focus on develop, deploy, connect

Recruitment cannot be ignored and is an essential tool in meeting the demands for growth. However, as competition for critical talent intensifies, Toronto's financial organizations will need to rethink their talent management practices and metrics.

To begin, they will need to identify the segments of the workforce that drive current and future growth: the underwriters, claims adjusters, and actuaries in insurance; the client relationship managers, sales and compliance professionals in banking; and the financial analysts, investment infrastructure and credit risk professionals in the investment sector.

Then, rather than focus solely on metrics and outcomes — acquisition and retention — employers can **develop** their workers by providing them with opportunities to learn through experience, **deploy** them by designing effective organizational roles and environments, and **connect** them by creating seamless networking infrastructures. By focusing more on these three actions, improved attraction and retention will occur.

The Conference Board defines talent management as the organization's ability to "identify, attract, assess, motivate, develop and reward high performers and to create a culture that sustains them."[58] While there are a number of talent management frameworks that can contribute to organizational success, this report uses Deloitte's leading practice Develop-Deploy-Connect model (see below) that suggests a three-pronged approach:

1. Focus on critical workforce segments — those that generate a disproportionate share of current or future value, and which are in high demand, low in supply, and cannot be replaced easily.

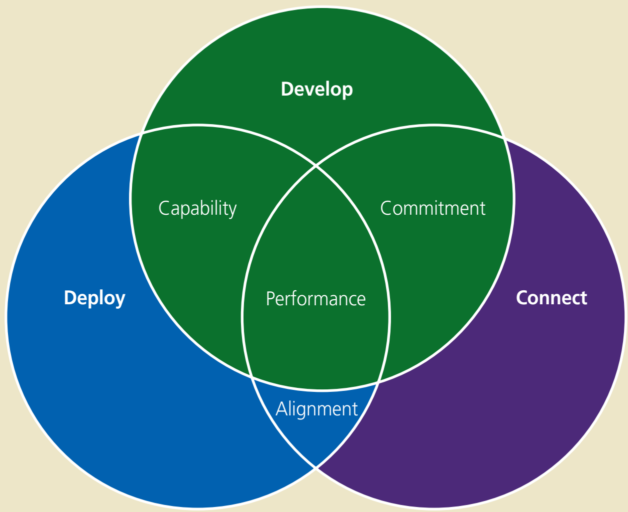
2. Do more than just acquire talent — invest energy, resources and commitment to develop and grow talent. Deploy talent into roles and projects that engage their skills and their passion. Connect them to communities of practice within the company.

3. Integrate human capital programs to create a cohesive Talent Management strategy based on business priorities.

Deloitte's Develop-Deploy-Connect model

The Develop-Deploy-Connect model sits at the core of an organization's talent strategy. By focusing on these three elements, organizations can generate capability, commitment, and alignment in key workforce segments, which in turn improve business performance.

When this happens, the attraction and retention of skilled talent largely take care of themselves.



Source: Deloitte Research Study: *It's 2008: Do You Know Where Your Talent Is?*

Financial organizations surveyed in the *Talent Matters* study are increasing their focus and investment in some aspects of the **develop, deploy, connect** approach to address today's talent shortages, including:

- developing employees internally;
- growing their own talent from feeder pools;
- contracting out services/functions;
- renting expertise;
- redefining jobs;
- increasing the workload of existing employees;
- training/upgrading skills of existing staff;
- increasing investment in training for new recruits; and,
- changing terms and conditions of employment (e.g., flexible working arrangements).

At the same time, they are investing more in management and leadership development, as well as accelerated learning programs founded on job enrichment and rotations for employees.

The *Talent Matters* findings are consistent with the results of Deloitte's 2005 survey of 123 human resources executives in the United States. Like Toronto financial services employers, many of the U.S. firms surveyed plan to increase their investment in formal training and development programs, such as classroom training (49 percent), e-learning (64 percent), and mentoring and coaching (70 percent).

Additional investment will also be made in reward packages for experienced employees (39 percent) and new recruits (30 percent). While acquisition strategy is still an important part of the talent management process in most of the companies surveyed, financial organizations will need to increasingly ask themselves how effectively they are developing, deploying and connecting key employee groups.[59]

Talent strategies: change in investment 2004 - 2005

	Significant decrease	Somewhat decrease	No change	Somewhat increase	Significant increase
Campus recruitment	2%	5%	51%	38%	4%
Experienced employee recruitment	2%	4%	34%	52%	8%
On-boarding programs	0%	5%	60%	28%	6%
Reward packages for new recruits	3%	9%	58%	29%	1%
Reward packages for experienced employees	1%	3%	56%	36%	3%
Classroom training	1%	8%	41%	41%	8%
E-learning	0%	0%	37%	47%	17%
Mentoring and coaching	0%	2%	28%	57%	13%
Employee rational programs	1%	2%	65%	27%	6%
Communities of practice	2%	4%	79%	13%	1%
Support of redeployed employees	4%	6%	75%	15%	1%
HR outsourcing	2%	3%	65%	23%	1%

Source: Deloitte's 2005 *Talent Management Strategies Survey*

For example, the new generation of underwriters and investment bankers — who are largely Gen-Y employees — generally do not learn well in classroom settings. Their *development* will be better managed through new methods of learning and skill building, such as on-the-job training, "stretch" assignments, and formal and informal mentoring relationships. One insurance company has established training clubs for its brokers and an online learning tool it calls its "campus." [60]

Deployment strategies could involve replacing "one-size-fits-all" career models to help meet the needs of a more diverse workforce with varying needs and expectations, in order to keep critical talent longer. For example, banks may introduce programs that encourage critical retirement-age client relationship managers to remain in a part-time capacity. One Toronto bank is looking at changes to its pension plan to make it easier for retirees to re-enter the workforce.[61]

Making newly-hired employees, particularly Gen-Y and new immigrants, feel *connected* to the organization could involve fostering "communities of practice", where employees dealing with similar issues can network and learn from one another, or creating knowledge management and mentoring programs in which more experienced practitioners share their knowledge with talent that is "up-and-coming" and/or new to Canada or Toronto. Another Toronto bank is filling all summer positions with student interns in order to *connect* these young people with the organization at the earliest stage of their careers.[62]

> We have developed two very important programs to enhance our talent feeder pools: one with an internal focus on developing and deploying our future leaders and another that reaches out to next generation employees. Our middle management development program offers a five year rotation for those leaders identified as having executive potential. Our International Associate Development Program is designed to attract MBAs who want to build a career in international banking.

Banking Human Resources Director – *Talent Matters*

A focus on critical workforce segments

To effectively target their future talent strategies, organizations need to understand which segments of their workforce are crucial to future success. Critical workforce segments drive a disproportionate share of a company's business performance, yet critical talent represents a minority of total payroll in most financial services organizations.

Future talent strategies for Toronto's financial services organizations will need to not only embrace the core elements of develop, deploy and connect, but will also need to be grounded in a solid understanding and analysis of critical workforce segments.

Who is critical talent?

The nature of critical talent varies by industry or organization. In large pharmaceutical organizations, for example, "blockbuster drugs" are the engine to fuel growth. In 2004, Pfizer's top 10 products each generated more than $1 billion in sales. Needless to say, Pfizer pays particular attention to researchers and clinicians who drive this development.

At FedEx, one analysis suggested that the couriers who pick up and deliver packages might be more critical than the pilots who fly the packages through the night. The couriers have direct contact with the customer and must make continual decisions that impact the efficiency and effectiveness of the supply chain, such as how to reconfigure a route and how to wait for a customer's packages.

Source: *It's 2008: Do You Know Where Your Talent Is? Why Acquisition and Retention Strategies Don't Work;* Deloitte, 2006.

Competing for local and global talent

Companies are regularly looking outside their own doors to find talented individuals to fill key posts. Many organizations do what it takes to lure attractive candidates away from their current employers. Some offer big signing bonuses, buy out stock options and provide rich compensation packages. The open competition for other companies' people, once a rarity in business, is now an accepted fact.

The 2006 Deloitte and Economist Intelligence Unit survey on evolving trends in people management confirms that an organization's most valuable sources of talent, in addition to development of existing personnel, is still the recruitment from competitors.[63]

Human resources executives interviewed for the *Talent Matters* study indicate that they are competing for local and global talent by:

- shifting their recruiting strategy to a global stage;
- offering international development programs to attract graduates and younger workers;
- providing housing incentives and spousal support to attract new immigrants;
- developing partnerships with local educational institutions that offer specialized programs that support industry needs; and
- offering reverse expatriate agreements to attract talent back to Canada.

While this same group indicates that it would rather develop from within, as opposed to rely on poaching, in the future the industry plans to tap into the global talent pool, which will provide access to the world's best talent. Opportunities to offer more global experiences to existing employees and to use this as a selling feature for new hires will also become more popular.

Although many financial services organizations are comfortable bringing talent in from the competition, they remain distinctly uncomfortable about seeing talent depart. To poach is fine; to be poached is not. In a time of tight labour markets, talent can be very difficult — and very expensive — to replace. When a high-performing employee leaves the organization, the business can suffer. To attempt to stop people from jumping ship, many companies have resorted to traditional retention programs, which may not effectively target critical employees.

Talent-savvy financial organizations manage the competition for talent by supporting their people on the issues they care about most: doing work that engages them, learning how to do it even better, encountering fresh challenges and interacting with colleagues and clients in a positive way.

Leading practice talent management strategies to address the competition for local talent

Develop:

- Top talent seek much more than just compensation — provide trial-by-fire learning experiences for top talent to allow them to challenge themselves and grow. Training must extend beyond the traditional classroom or online education.
- Stretch the capabilities of top talent by positioning them in situations where they learn from peers, mentors, and others.
- Top talent seek continuous learning opportunities and are more apt to stay with an organization if there is a robust and documented personalized learning and growth plan.

Deploy:

- Work with top talent to identify interests, skills and knowledge to find the best fit in the organization and then craft the job design and conditions to match interests.
- Rotate top talent on a regular basis to ensure continued and challenging growth.

Connect:

- Create an organization brand to attract top talent.
- Provide top talent with the tools and guidance to build networks that improve their sense of connection and belonging.

Source: Deloitte Research: *Private Sector Leading Practices* (including Financial Services Organizations)

Research suggests that a company's "stars" are the first to be poached by competitors and are less likely to stay. Moreover, a study of investment banks found that when imported from elsewhere, stars rarely sustain their performance in the new organization.

Boris Groysberg, Ahshish Nanda, and Nitin Nohria, *The Risky Business of Hiring Stars*, Harvard Business Review, May 2004.

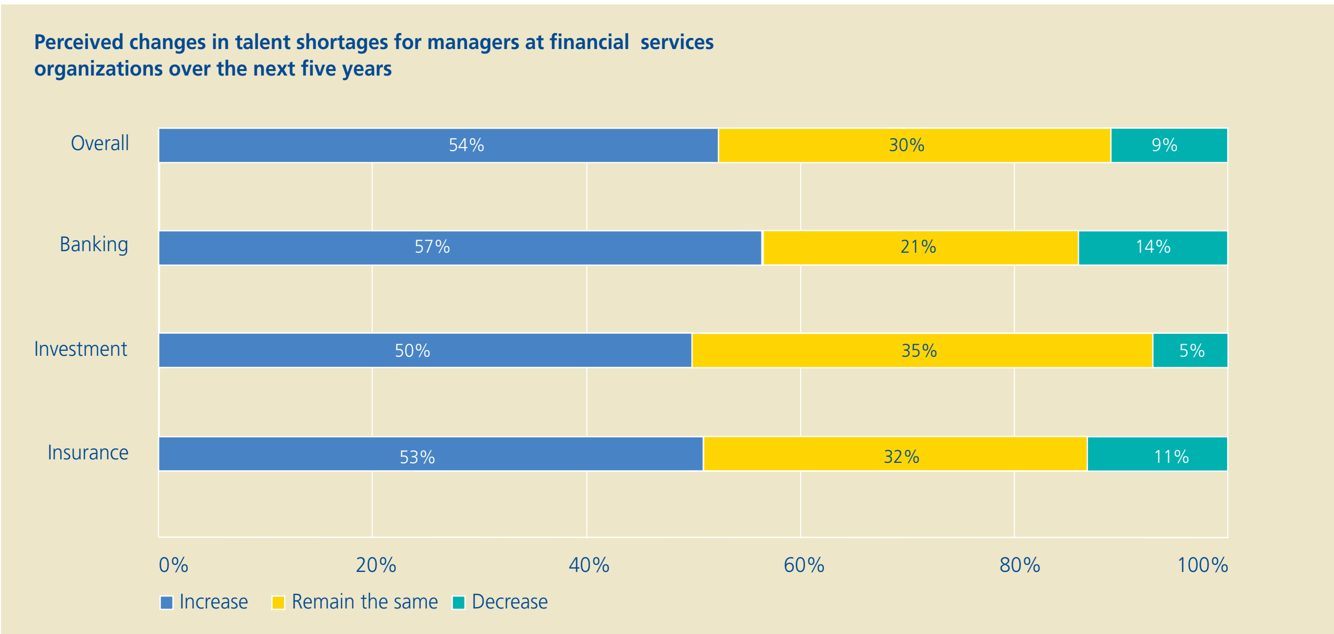
Closing the gap in leadership talent

The shrinking pool of available future leaders, largely due to the exodus of the Baby Boomers, is creating a leadership gap across all sectors of the financial services industry. Dr. David Weiss, author of *The Leadership Gap: Building Leadership Capability for Competitive Advantage*, suggests that the leadership gap that exists in organizations today is actually comprised of four aspects: talent, capability, development and values.[64]

Industry leaders suggest that talent shortages are expected to increase across all leadership positions. Fifty percent of respondents in the *Talent Matters* survey indicate that the supply of leaders in the pipeline will decrease over the next five years.

Traditional approaches to training and development have created a void in building the leadership capacity that organizations need to meet future challenges. As Weiss points out, differing work-related values among current senior leaders, younger middle managers and an increasingly diverse workforce are creating discontent and dysfunction, as organizations struggle to match the career needs of future leaders.

The shortage in the pipeline of managers is expected to increase in the future.



Source: *Talent Matters*

The traditional career ladder is shrinking as organizations become flatter. Without vertical mobility, employees need lateral experiences that promise challenge and growth. To fulfill this need, firms must expand their definitions of advancement and offer diverse sets of career paths. This means providing opportunities across divisions, business units, geographies, and even professions — establishing a transparent and fluid internal job marketplace. By encouraging greater mobility, organizations inspire a more engaged workforce and promote greater strategic flexibility.

Source: *It's 2008: Do You Know Where Your Talent Is? Why Acquisition and Retention Strategies Don't Work*; Deloitte, 2006.

Weiss concludes that closing the leadership gap will become an economic imperative to secure the leadership capacity that ensures competitive advantage.

In a 2005 Deloitte survey of 123 human resources executives in the United States, approximately 60 percent of those surveyed plan to increase experienced employee recruitment to respond to the leadership challenge.[65]

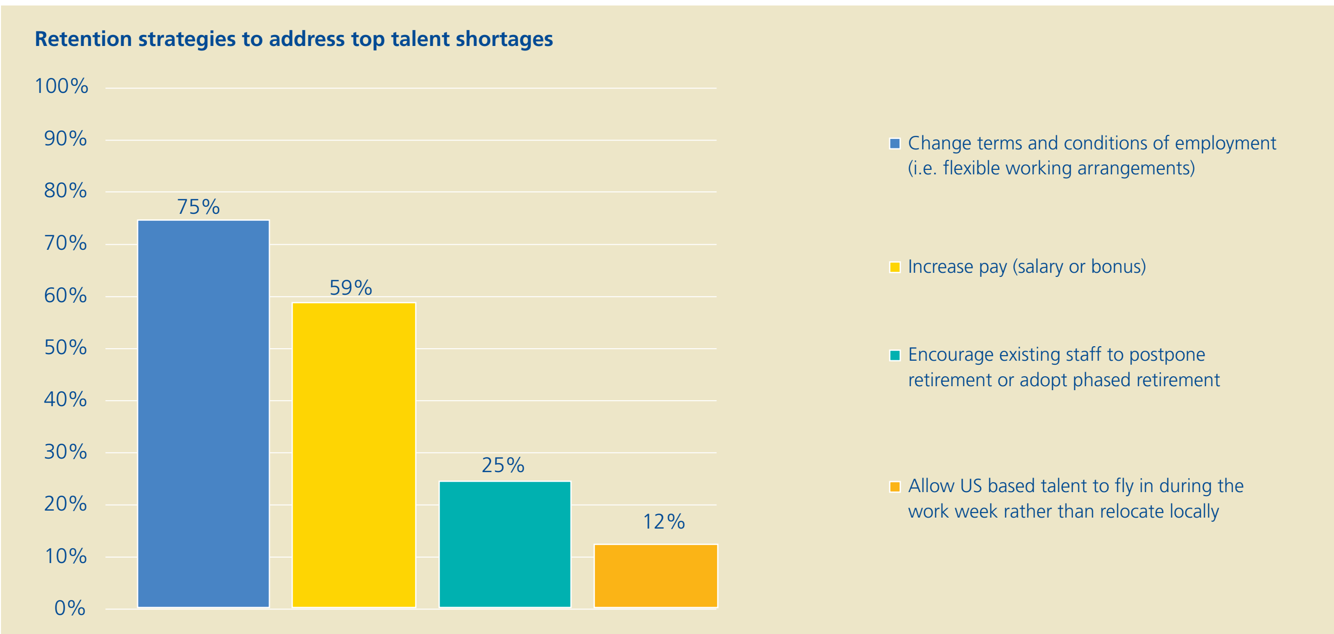
In interviews conducted for the *Talent Matters* study, industry leaders note that they have directed their recruiting efforts towards attracting experienced hires to fill future senior leadership roles.

The most popular retention strategies employed across the industry — including changing terms and conditions of employment and increasing pay — are also designed, in part, to address future gaps in leadership.

CEOs of successful companies are worried about the dwindling supply of talent. They are twice as likely as CEOs of less successful companies to cite the availability of managers/executives as a top concern.

Successful companies have higher average returns on assets - CEO Challenge 2004; The Conference Board, August 2004.

Changing terms of employment and/or increasing pay are the most popular retention strategies.



Source: *Talent Matters*

Acquiring experienced talent will not, on its own, close the leadership gap. Identifying critical positions that are vital to the success of the organization and identifying future successors to those positions are also key. Developing internal talent, matching employee experience and aspirations to the company's evolving strategic needs, and growing these individuals into the future leaders of the organization must be a continuous process — not a crisis intervention.

Workforce planning to address the leadership gap needs to include a focus on developing, deploying and, most importantly, connecting key current and future leadership talent. Planning for and managing succession, integrating employee transition or rotation opportunities, and providing and supporting flexible work arrangements will contribute to closing the leadership gap.

Through succession planning, organizations can identify and address leadership gaps and risks before they become crises. The retirement or unexpected departure of a senior lending officer, for example, could disrupt long-time customer relationships and provide competitors with an opportunity to poach business. Succession planning also helps maintain the continuity of the organization's culture, a challenge which can prove difficult with an influx of outside hires.[66] Internal promotions minimize the loss of productivity that occurs with new hires because new employees ramp up to higher productivity only after learning about the position and the [company].[67]

Robust leadership development programs, focused succession planning, and provision of challenging, growth-oriented and rewarding career opportunities all produce a more attractive work environment for current and potential leadership talent. Accelerating the development of key employees improves both recruitment and retention, and ensures [the ability] to take advantage of opportunities in the marketplace.[68]

Today's leaders, including the CEO, must walk the floor and not only be visible, but also engage employees so they feel like an integral part of the company.

Industry Supplier President – *Talent Matters*

Effectively integrating new hires, while important at all levels of the organization, is key to the successful socialization of new leaders and potential leaders. Traditional approaches to "on-boarding" talent, which are often ad hoc rather than purposeful, is one reason that 40 to 50 percent of senior new employees fail to achieve their desired results in new jobs.[69]

Connecting new hires early and often to key people in the organization from whom they can learn, developing network maps of key people they need to meet and influence, assigning mentors and role models and encouraging the development of relationships — these strategies all contribute to successful integration and retention.

Firms such as Microsoft, Southwest Airlines, and SAS Institute are exemplary in the way they nurture and manage critical talent. They go to surprising lengths to help these employees tap into their core skills and passions. They expect continuous learning and growth and know that the most important lessons don't take place in the classroom, but on the job. They also understand that positive relationships raise the performance of critical talent to new levels.

Source: *It's 2008: Do You Know Where Your Talent Is? Why Acquisition and Retention Strategies Don't Work*; Deloitte, 2006.

Leading-practice talent strategies that can help address the potential gap in leadership include comprehensive talent review processes, targeted retention incentives, robust leadership development programs and competitive compensation.

Leading practice talent management strategies to address the leadership talent gap

Develop:

- Adopt a global talent review process that ensures high-potential individuals are identified, developed and supported by cross-functional job rotations.
- Re-introduce middle management development programs that employ formal coaching programs (i.e. observational coaching programs to enhance sales capabilities).
- Develop an internal center of excellence to lead attracting new talent and identifying high potential employees and future leaders within the organization.
- Clearly articulate leadership development competencies and build leadership development programs around these competencies.
- Adopt a company-wide talent pool to ensure leadership bench strength at all levels. Develop leadership programs for the entire pool to ensure all emerging leaders have the right skills.

Deploy:

- Hold line managers responsible for outlining the strengths/weaknesses of their current and future leaders. Have HR provide guidance in rating leaders by offering comparisons with leadership talent from other parts of the company.
- Link leadership compensation to the effective management of key talent.
- Leverage technology to ensure leaders are able to apply and refresh their learning over time. Provide leadership skills mapping and testing to allow self-assessment against core leadership criteria.

Connect:

- Form partnerships with local universities and community colleges to offer executive education programs in the workplace.
- Reward innovation by adopting a leadership competency framework to facilitate leadership assessment and development and the executive succession planning process. The framework should include nurturing innovation as a visionary leadership competency.

Source: Deloitte Research: *Private Sector Leading Practices* (including Financial Services Organizations)

Retaining critical retiree skills and knowledge

With the pending exodus of retirees, financial services organizations need to both look within to develop their existing workforce to fill the predicted skill void, and employ creative incentives to keep their aging workers on-the-job longer. Leading-practice talent strategies can mitigate this loss of critical skills and knowledge by providing incentives to delay retirement and thus retain intellectual capital and institutional knowledge.

A 2005 Conference Board of Canada research study suggests that, for the most part, Canadian employers are doing little to tackle the aging workforce issue from a strategic perspective. While many large and mid-sized organizations have implemented human resources programs to improve their employees' productivity, policies and programs targeted at older workers (defined as age 50 or older) are few and inconsistently applied. Some of the practices that do exist include special compensation and perks; a culture of recognition; flexible work arrangements, including flexible hours, telecommuting, part-time work, contract work and reduced work weeks; mentoring and training opportunities; adapted work design; and financial support for further education.[70]

Industry leaders interviewed for the *Talent Matters* study indicate that they are offering more opportunities for their older workers to delay retirement. Flexible retirement strategies are becoming increasingly attractive for retaining talent and knowledge within the organization. Understanding how best to implement these strategies, however, is not clear, due to barriers such as the diversity of individual needs, the diminished financial incentive for people who can also collect their company pension and the cultural awkwardness of certain approaches, such as applying standard performance management policies and practices to older workers.

A recent paper prepared for Canada's Association for the Fifty-Plus lists several human resources practices that older employees said would encourage them to remain in their jobs. They include the following:

- showing appreciation for their work;
- recognizing their experience, knowledge, skill and expertise;
- providing them with useful performance feedback;
- ensuring other organizational members treat them with respect; and
- recognizing the contributions of mature workers.[71]

Deployment is critical to extract full value from this segment of the workforce and effective deployment is particularly important to the older worker. Managers who have succeeded in a sales environment possess leadership and business development skills that can readily be applied to customer relationship management. The mature worker is capable of doing many things — they bring skills, experience and connections — and need to be given opportunities to gravitate to roles that unleash their passions. Connecting older workers with younger workers — as mentors, coaches and role models — supports knowledge transfer and provides the glue that binds new talent and new hires to the fabric and the culture of the organization.

Encouraging this segment of the workforce to stay on the job longer, in either a full-time or part-time role, could reduce the anticipated critical skills and leadership talent gaps. At a minimum, extending the tenure of retirees could provide financial services organizations with more time to execute on knowledge transfer strategies. Barriers still exist, however, making it challenging for organizations to retain those who are eligible to retire.

The way our pension is set up, people have little financial benefit to work past 65 even if the government lets them. Their pension is not much less than their salary.

Banking Business Executive – *Talent Matters*

The amendment of the mandatory retirement age to enable workers to remain employed past 65 has eliminated the most significant barrier. Government legislation and regulations, however, pose additional barriers to managing the aging workforce. For example:

- pension regulations, especially those governing defined benefit plans, make it difficult for many companies to set up phased retirement programs, whereby mature workers can work part-time and supplement their salary by drawing on their pension;
- income tax rules act as a financial disincentive for people to continue working after retirement, because assessments are levied on pension payments, as well as on any salary earned; and
- human rights legislation prevents organizations from establishing programs geared toward experienced workers because such efforts are seen as discriminating against younger workers.[72]

Retaining and recruiting retired or retiring workers in the financial services industry will require changes to current human resources practices, including those related to benefits, pension and work/life balance. Enhanced flexibility — from a total compensation perspective — as well as flexibility in when and where work is performed, can meet the needs of older workers while allowing for trade-offs in cash compensation and access to benefits. Employers will want to consider the following:

- *Part-time/contract workers and benefits*: There is no definitive solution to resolving benefits costs with this category of employee. Some, as noted, may be willing to prioritize cash compensation over benefits that employers find expensive. On the other hand, employers may find that benefits are required to attract and retain an older workforce. In some cases, benefit provisions will have to be extended to ensure coverage — for example, long-term disability coverage currently terminates at age 65. Since this will likely be challenged with the elimination of mandatory retirement, proactive employers need to look at their benefit packages now.
- *Phased retirement*: Still in its infancy, this practice may be an opportunity for employers to retain older workers on a part-time basis. Some provinces allow employees to take a partial pension, while continuing to work for the same employer. In this regard, an employee receives partial pension earnings, as well as active earnings for the time they are working. At the same time, these older workers will likely demand the continuance of non-pension benefits as they work part-time.
- *Work flexibility*: A predominant theme in retaining older workers is flexibility. At the same time, flexibility is proving critical to attracting and retaining the Gen-Y component of the workforce. Studies indicate that work/life balance concerns are more prevalent for these workforce segments than for others.[73]

Leading practice talent management strategies to address the loss of critical skills and knowledge with retirees

Develop:
- Maintain continuous development as a core focus of the training strategy.

Deploy:
- Re-hire retirees as consultants and provide flexible/alternative work arrangements.
- Make use of a variety of measures to evaluate the effectiveness of retirees' knowledge management expertise and initiative.
- Reward retirees and other employees for sharing knowledge and learning by making it an inherent part of how work is performed.

Connect:
- Develop coaching and mentoring partnerships between this segment of the workforce and younger segments of the workforce.

Source: Deloitte Research: *Private Sector Leading Practices* (including Financial Services Organizations)

Attracting younger workers and managing the multi-generational workforce

As the financial industry looks to new sources of talent including immigrants, older workers and retired people, they must also respond to the newest workforce entrants — the Generation Y employees.

Local industry leaders interviewed in the *Talent Matters* study indicate a greater reliance on campus recruitment, combined with the establishment of co-operative program partnerships with educational institutions, in order to attract young talent early. They also confirmed the findings of Deloitte's research in the U.S., which found that attracting younger workers to financial services is a challenge due to negative perceptions of the industry. For example, young people perceive banks to possess a culture that is rigid and slow-paced.[74]

The same executives also suggest that there is an increasing demand for talent strategies that demonstrate leadership's commitment to employees and to their values. To address the Gen-Y management challenge, organizations will need to incorporate the following fundamental workplace elements that reflect Gen-Y values:

- flexibility;
- balance;
- respect; and
- accessibility.

Enhanced efforts to build organizational commitment through more visible leadership, increased communication, and learning and development opportunities will be the key to engaging today's Gen-Y employee.

While seemingly different than those of their Traditional, Baby Boomer, and Generation X counterparts, these Gen-Y values may reflect many of the broader marketplace changes, such as technological advancement, focus on social responsibility, flexible sourcing and global connectedness.[75]

Google has a reputation for being a vibrant, energizing place to work. It is also a company on a mission to organize the world's information. Its recent decision to earmark nearly $1 billion for social causes through the launch of Google.org is also likely to enhance employees' sense that their company is on a mission greater than just making money.

Source: Deloitte Research - *Kevin Kelleher, Who's Afraid of Google? Everyone.,* Wired, 13(12), December 2005, <http://wired.com/wired/archive/13.12/google. html>.

As the shifting business environment influences the demands of the entire workforce, organizations will need to manage change in the context of the multi-generational workforce — one that both recognizes the value of generational experience and responds to the needs of each generational segment.

Leading-practice talent strategies that can help attract and retain younger workers and which support the effective management of the multi-generational workforce include a focus on branding, knowledge transfer, and the development of a technology and innovation-supportive environment.

Leading practice talent management strategies to attract the younger workforce

Develop:

- Institute leadership rotational programs to improve exposure for high-potential junior employees to their leaders.
- Increase the training and scope of responsibility for incoming employees.

Deploy:

- Incorporate "forward hiring" to anticipate potential job vacancies and fill positions before they open. This strategy can strengthen the networks between incoming and outgoing staff, thereby improving employee deployment.
- Offer top-performers company-backed, non-profit assignments. This program provides employees with a broader sense of purpose.
- Form "employee morale" or "culture" committees that include employees from different divisions and levels. This approach provides company staff with a voice into company vision and culture, thereby encouraging an environment of collective responsibility.
- Enable virtual work arrangements, such as telecommuting. Provide flexible health and family benefits including health club memberships and on-site daycare.

Connect:

- Match new trainees with high-performing seasoned talent through mentoring programs. Such opportunities allow incoming talent to expand their knowledge and networks and curtail the loss of institutional knowledge as older talent retires.
- Offer training on how to coach incoming talent and manage change. This helps the company develop its generational competency toolkit.
- Bring together employees identified with leadership potential into communities. Such networking infrastructure enables valued junior employees to collaborate and have far-reaching impact early in their careers.

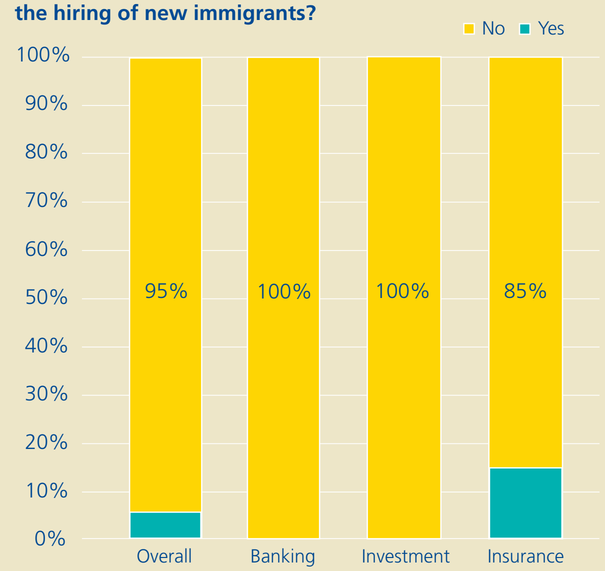
Source: Deloitte Research: *Private Sector Leading Practices* (including Financial Services Organizations)

Integrating immigrant workers and managing an increasingly diverse workforce

While industry leaders suggest that the integration of new immigrants into the labour force is an increasingly important issue for the industry, the *Talent Matters* survey reveals that few companies track their ability to attract or retain new immigrants, and fewer still have developed longer-term strategies to increase use of this vital source of talent. Banking organizations report considerably greater use of the strategies of "recruiting from designated groups" and "recruiting new immigrants to Canada", than do both investment and insurance organizations.

Most organizations in the industry do not track the hiring of new immigrants.

Do Toronto financial services industry organizations track the hiring of new immigrants?



Source: *Talent Matters*

The immigrant population is well qualified on paper, but may lack communication and writing skills in the local language. As a result, they may be chosen for back-office roles as opposed to the higher value client-facing roles. We need to work with government to play a stronger role in supporting language development.

Banking Business Director – *Talent Matters*

Financial services organizations continue to be challenged to effectively integrate immigrants and to capitalize on Toronto's diversity. While industry leaders in the *Talent Matters* study cite a number of significant initiatives undertaken by individual financial organizations, collectively, Toronto's financial services providers are looking to do more. Removing barriers, including cultural, language, context of experience and credential recognition issues, offers a unique opportunity for Toronto's financial services industry to set new standards for the integration of new immigrants into the workforce. A closer look at each of these barriers reveals the following:

Context of Experience: The industry's challenge is to understand and interpret the international experience of new immigrants in the context of the requirements of the position. According to the 2004 report from the Public Policy Forum, *Bringing Employers into the Immigration Debate*, half of Canada's employers say they do not bother to check out résumés from immigrant job candidates with overseas education or foreign work experience.

Credentials: Skilled immigrants may have international credentials that are not immediately recognizable to a Canadian employer. Recruiters may skim résumés, seeking the names of recognized institutions or may face challenges when they try to assess international credentials. Similarly, international experience is often devalued or considered irrelevant. Recognizing the transferability of a skilled immigrant's training and education can provide a definite competitive advantage.

According to a report on skilled immigrants who arrived in Canada in the 1990s, 60 percent were employed in fields other than those for which they had training and experience and which required lower levels of skills and education, and 25 percent of degree holders were in jobs needing only a high school education.[76]

Communication: Some employers assume that skilled immigrants may not have the communication skills necessary to work in their companies, while some immigrants believe that employers seek communication skills beyond what is essential for the position. Accents may distract from a skilled immigrant's excellent English or French language skills, and their lack of awareness of Canada-specific technical terms could place them at a disadvantage.

Culture: Some employers may assume that skilled immigrants lack an understanding of Canadian business norms or simply don't know the "Canadian way." Financial services organizations can benefit from including diverse cultural perspectives in their workplaces. As well, skilled immigrants can provide competitive edge by using their knowledge and experience to serve diverse local and international markets.[77]

Connection to Skilled Immigrant Communities: Employers will commonly draw new staff from a diminishing but known pool. They may not tap into skilled immigrant pools of talent because they are not aware of these communities and networks. Skilled immigrants generally do not have access to the networks used to refer candidates for job opportunities. Employers who ensure that their planning and sourcing strategies reach skilled immigrant communities, and who encourage and reward employees who refer skilled immigrants, expand their opportunities to source the best talent.[78]

The *Talent Matters* study finds that a number of Toronto financial services organizations have developed relationships with community agencies such as the Toronto Region Immigrant Employment Council (TRIEC). Created to support the effective and appropriate inclusion of skilled immigrants in the labour market, TRIEC and its partner programs have:

- placed 500 immigrants in internships with over 500 Toronto region and Hamilton employers, resulting in over 80 percent finding full-time employment in their field of expertise;

- matched over 1,100 skilled immigrants in mentoring relationships with established professionals who share the same occupation. Of those who completed the four-month program, over 70 percent found full-time employment; and
- engaged over 530 employer contacts through *hireimmigrants.ca*, increasing their awareness of the issue of immigrant integration and formalizing their role as part of the solution.

In an open letter to the Prime Minister published in the Globe & Mail in September 2004, Dominic D'Alessandro, President and CEO of Manulife Financial and Chair of the Toronto Region Immigrant Employment Council (TRIEC), stressed the need for Canada to better integrate skilled immigrants into the workforce. The letter had a significant impact on both political and employer communities, and has led to increased commitment to action by both groups.

Source: Toronto Region Immigrant Employment Council Website: www.triec.ca/Newsletters/Newsletter-September04.htm

A number of financial organizations in the *Talent Matters* study indicate that they have had successful results partnering with TRIEC's Career Bridge initiative — an innovative internship program designed to address the dilemma of "no Canadian experience, no job; no job, no Canadian experience" that prevents many skilled immigrants from contributing to Canada's economy.

While Toronto-based financial organizations have made significant strides in establishing connections to skilled immigrant communities, the industry will continue to be challenged to keep its focus on new immigrants, and to work at both a collaborative and organization-wide level to capitalize on new immigrant skills.

It takes work on the part of both the employee and employer to overcome the difficulties associated with workplace diversity. Research indicates that both employers and immigrants do better when they both make adjustments. Organizations need to consciously create environments where immigrants feel they are valued, while individual immigrants must strive to make a strong contribution to workplace performance.

Source: Judith L. MacBride-King and Prem Benimadhu, *Maximizing the Talents of Visible Minorities*; Ottawa: The Conference Board of Canada, 2004.

Financial services employers can do more to tap into this talent pool by initiating leading-practice strategies and programs, such as those outlined below, to improve the contributions that immigrants make to their workplaces. Policies and programs that are specifically designed to address immigrants' needs include: learning and recognition; training and education to fill knowledge and skills gaps to meet Canadian standards for performance and expertise; and accessible and affordable processes for gaining professional certification.[79]

We have had success with Career Bridge — an innovative internship program aimed at recruiting new immigrants that is designed to address the dilemma of no local work experience, no job — but would like to find ways to leverage the partnership even more.

Banking Human Resources Executive – *Talent Matters*

Leading practice talent management strategies for integrating immigrant workers and managing increasingly diverse workforces

Applying the Develop-Deploy-Connect model to the immigrant segment of the workforce is particularly valuable.

Develop:

- Improve labour market transition for immigrants by setting up programs, such as internships, to give them workplace exposure and experience.
- Offer internal language, communication and local business acumen training.

Deploy:

- Ensure on-boarding programs include bias-free assessment of skills and competencies.
- Offer targeted career development opportunities to provide access to developmental work experiences.
- Offer stretch roles/additional job responsibilities to provide opportunities to showcase skills in action.

Connect:

- Recognize that employees increasingly come from diverse backgrounds. As a result, focus on creating a working environment that makes immigrants feel welcome and encourages supervisors and managers to put their skills and talent to optimal use.
- Create formal mentorship programs to match Canadian practitioners with skilled immigrants in the same role to help the latter navigate the system, gain knowledge of Canadian workplace practices as well as valuable contacts, exposure and opportunities.

Source: Deloitte Research: *Private Sector Leading Practices* (including Financial Services Organizations)

Talent management imperatives

The industry — like so many others — has based its aggressive growth plans on the assumption that there will be enough people with the right skills, in the right location, to meet its growing needs. As critical talent becomes increasingly scarce, there is very little to suggest that Toronto's financial services industry will be spared the need to become more effective at attracting, developing, deploying, connecting and retaining critical skills and talent.

Identifying critical skills required for current and future success

Both Deloitte research and the *Talent Matters* findings point to the fact that existing talent management practices simply won't be good enough. Instead, financial services organizations will need to become better at:

- identifying critical workforce segments that reflect the skills and capabilities that are critical to current and future success;
- ascertaining which emerging workforce trends (e.g., supply and demand of accountants) will impact the ability of the business to deliver value;
- developing a deep understanding of the labour market's changing requirements;
- determining who supports the critical segments of talent with their network and if these people will be difficult to replace; and
- pin-pointing who within the critical work force segments possesses the greatest current and future potential.

Identifying critical workforce segments requires determining which jobs make or break organizational performance. Disney found its park street-sweepers were critical people because they were in touch with millions of customers every year.[80] FedEx found their delivery employees to be the critical talent. Insurers may discover that it is their actuaries. For banks it may be their customer relationship managers, and for the investment organizations – their financial analysts.

Improving data collection and talent metrics

Today, the financial services industry is primarily measuring the impact of its talent strategies by tracking total payroll, compensation and training spend per employee. The Conference Board of Canada's *Human Resource Trends and Metrics* study notes that many organizations continue to "place more emphasis on human resource operating metrics than on measures that reflect the quality of people and the effectiveness of initiatives that build workforce capability." The same study emphasizes the growing importance of strategic talent management measures that focus on "the relative quality of people, effectiveness of processes, the depth of the leadership pipeline, and the supportiveness of the work climate and organizational culture." These metrics are "focused more on understanding the talent pool and organizational conditions required to build work capability" and are "better predictive indicators of organizational performance." [81]

The *Talent Matters* study reveals that not all Toronto financial organizations are collecting and tracking data that can best support talent management, and allow the industry to attract and retain the critical skills required to drive growth. Questions related to educational attainment, training investment, tracking of hires, career progression, deployment of critical skills and knowledge transfer yielded varying levels of response.

Overall, study participants recognize that there is a need to identify and capture data that can both help predict talent shortages and manage talent challenges.

In addition to identifying basic workforce-profile data such as gender, visible minorities and education attainment, financial services organizations will want to create mechanisms to collect data that tracks:

- the movement of key talent through an organization;
- culture/employee opinion data;
- skills-based inventory of new immigrants;
- new immigrant hiring;
- industry perceptions among high-school students and other prospective employees;
- educational attainment;
- graduate career progression;
- mobility trends;
- strengths and weaknesses in workplace preparedness; and
- length of tenure in industry.

The sector will also need to define metrics (such as turnover, links to profitability and customer and employee loyalty) to quantify the financial impact of talent shortages and to alert the industry to shifts. Some of this data can be captured at the individual company level, while other data will require reliance on the involvement and support of other stakeholders.

Individual and collective action

The *Talent Matters* study finds that some organizations are taking steps to focus attention on talent management. Through investment dollars and by securing the buy-in of business leaders, organizations are starting to take on the challenge of defining the success metrics for talent management. They are developing and implementing innovative talent management strategies and measuring the effectiveness of those strategies. To see results, organizations will need to continue to engage leaders and to dedicate more time and resources. In a tight labour market, these talent management capabilities may prove to be one of the industry's most important competitive strengths.

Both at the individual company level and collectively as a business community, the financial services industry will benefit from:

- improving workforce data collection;
- leveraging leading talent management practices such as develop, deploy, connect and others; and
- ensuring that talent metrics effectively measure and help to build future workforce capacity and capability.

Furthermore, the industry will want to capture the value of collaboration with educational, association, government and other stakeholders. Recommendations for collaborative action are addressed later in this report.

In the coming years, most organizations will have no choice but to seriously re-think their approach to talent strategies. But shifting demographics should not be the only reason. Improving the performance of critical employees directly improves organizational performance. Furthermore, focusing on critical talent is relatively new territory for most organizations and, thus, offers a new way to compete. Compared to more popular investments in customer, technological, and financial strategies (which have been refined over decades) a well-designed talent strategy could truly differentiate an organization.

Source: Deloitte - *It's 2008: Do You Know Where Your Talent Is? Why Acquisition and Retention Strategies Don't Work*

Six questions financial services organizations will need to answer to meet the talent challenge

1. Which segments of the workforce create the value for which we are most rewarded in the marketplace?

2. Which areas of our business will be most impacted by impending waves of retirement? What are we doing to prepare successors? What impact will anticipated retirement have on the skills and productivity necessary to meet future demand?

3. In what areas is the talent market heating up (i.e., demand will outpace supply)? Which segments of our workforce will be most impacted? What are the potential top-line and bottom-line implications?

4. What skills will we need over the next five years that we don't currently possess? How will we create that capacity? What happens to our business if we don't?

5. What is our turnover within critical areas? How much is it costing us? In customers? In productivity? In innovation? In quality? What are we doing to resolve the root cause?

6. Are we actively developing talent portfolios or workforce plans that will help us to understand and communicate the financial consequences of talent decisions on our business?

Source: Deloitte Research – *It's 2008: Do You Know Where Your Talent Is? Why Acquisition and Retention Strategies Don't Work*

Value of collaboration

Industry, education and government collaboration has had a very positive and powerful impact on the success of several of Canada's industry sectors. As a result of collaboration, these industries are enjoying enhanced profiles and greater cross-industry sharing of information and understanding of emerging trends, in order to develop appropriate mitigating strategies. Collaboration models have bolstered Atlantic Canada's industrial capacity in the ocean engineering, aquaculture and agri-food sectors, as well as in information technology and e-business, and have enhanced the commercial viability and success of Ontario's wine industry, among others.[82]

Other industries — from food and tourism to biotechnology and auto manufacturing — have formally recognized the value of collaboration through the creation of sector councils. Sector councils bring together corporate leaders, labour, government and educators to take action to develop solutions to the human resource issues and talent and skills challenges that are most important to the sector.

In addition, industry partnerships with governments to streamline immigration policies and processes, with universities and colleges to address international accreditation standards, with professional associations to establish internship programs, and with regulatory bodies to remove barriers to integration of immigrants into the labour market, all have proven track records of success in other industries and other jurisdictions.

Toronto's financial services industry can both learn from and consider adopting some of these collaborative strategies. The following highlights leading practices in collaboration and recommends priorities for collaborative action to address talent matters.

Recommendations for collaborative action

Financial services organizations have historically approached each other from a competitive perspective, preferring to "go it alone" to maintain competitive advantage. Collaborative efforts in the past have been largely sector-specific, supported by industry associations that represent the interests of the banking sector or the insurance or investment sectors. While there may be value in having industry associations broaden their mandates to address talent issues, many of the issues identified in this report are common across Toronto's financial services landscape.

In response to talent challenges, the *Talent Matters* study suggests, and industry leaders agree, that Toronto's financial services industry would derive benefit from increased industry-wide collaboration on three fronts:

- eliminating barriers to hiring and integrating new immigrants;
- improving financial services education; and
- enhancing the Toronto financial services brand.

We need to escape the silos and create stronger partnerships across the industry, including partnerships with schools and governments in order to address talent challenges and talent issues moving forward.

Banking - HR Executive – *Talent Matters*

There are leading-practice examples both in Canada and abroad that demonstrate the value that increased collaboration would bring to the financial services industry.

Sector Councils in other Canadian industries — from food and tourism to biotechnology and auto manufacturing — have formally recognized the value of collaboration. These councils bring together corporate leaders, labour, government and educators to develop and execute solutions to the human resource issues, and the talent and skills challenges that are most important to the sector.

The Software Human Resources Council has established a partnership with industry, government, colleges, universities and private sector training companies to address one of the software industry's major challenges — a chronic shortage of trained personnel. The partners have developed the Information Technology Program (ITP), which helps university and college graduates from all disciplines develop the practical skills needed to find meaningful work in today's workplace. The ITP provides a 12-month experiential learning program to train participants for jobs such as systems engineers, project managers, application specialists, IT trainers, business system analysts, marketing representatives, consultants and entrepreneurs.

The Canadian Tourism Human Resource Council (CTHRC) works on behalf of the 164,000 businesses that make up Canada's tourism sector. Its mandate includes promoting professionalism and addressing key labour market issues. The CTHRC has successfully undertaken various initiatives to capture, document and disseminate Labour Market Information (LMI) to the tourism sector. Through publications such as the *Total Tourism Employment Study* and other research documents, the CTHRC provides practical, detailed and timely information about the state of the Canadian tourism sector.

Scotland's financial services industry has been revitalized by a unique partnership among government, the industry and trade unions. The Financial Services Advisory Board created a *Strategy for the Financial Services Industry in Scotland* initiative, which focused on developing and executing strategies to ensure that the Scottish financial services industry remains competitive. Within one year of working together to solve business and talent issues, the partners in this initiative realized remarkable results.

Strategy for the financial services industry in Scotland — impact of collaborative action

- Increased new entrants to the industry's workforce by raising the profile and appeal of the industry with career advisors, career changers, and through familiarization tours of financial services firms.
- Increased younger workers' understanding of the industry by giving students from 75 secondary schools the practical experience of working in a stock market.
- Created a step change in financial education in Scottish schools, by bringing together 50 teachers and financial services firms from across Scotland at the Financial Education Conference in November 2005.
- Provided HR professionals with an online database containing a single source of information on 250 financial services education and labour market initiatives in Scotland, spanning all levels from school to senior management.
- Built the industry's profile both in Scotland and internationally through the development and delivery of clear, compelling and consistent promotional messages from all parties in the collaborative effort.
- Established the groundwork for a communications plan to enhance Scotland's image and identity as an international financial services centre.
- Supported innovation by mapping the links between the financial services industry and Scotland's leading academics.

Source: Strategy for the Financial Services Industry in Scotland; Scotland's Financial Services Advisory Board (FiSAB), 2005.

The TFSA itself is setting an example as a unique public/private initiative of individuals representing the financial services industry and its trade associations, all levels of government, academic institutions and third party suppliers to the industry. In fulfilling its mandate to enhance and promote the competitiveness of Toronto as a premier North American financial services centre, TFSA is working in partnership with the City of Toronto to produce important research to describe Toronto's financial services industry, to profile the attractiveness of the City as a business location, and to identify key issues that affect competitiveness, such as the talent issues explored in this report.

The TFSA can take a lead role in continuing to drive collaboration across the financial services industry
and champion the recommendations outlined in this report by taking the following next steps:

- Meeting with the City of Toronto, the Province of Ontario and federal government officials to discuss the results of the *Talent Matters* study;
- Engaging a broader cross-section of the industry and its stakeholders by sharing the results of the *Talent Matters* study more widely;
- Creating a Human Resources Standing Committee to oversee, champion and support the action planning for the initial collaboration efforts; and
- Leveraging those industry leaders who have been involved with the *Talent Matters* initiative to date, to focus on specific collaborative efforts going forward, such as:
  - Engaging the provincial government to do a sector strategy for human resources in the financial services industry in co-operation with post secondary education institutes and the industry;
  - Conducting regular HR benchmarking studies to help industry leaders maintain understanding of emerging trends and challenges; and
  - Advocating for government policy changes with specific human resources implications, such as pension reform to support flexible working arrangements for older workers and retirees.

Collaborative efforts today will allow Toronto's financial services industry to **exert greater influence on governments** to make regulatory changes that give the industry easier access to global talent, to **partner more closely with educational institutions** to create the kind of programs that best serve the future skills needs of the industry, and to enhance the overall Toronto financial services brand to **complement individual organization brands** in order to attract a broader pool of talent from which to draw upon.

Eliminating barriers to hiring and integrating new immigrants

Collectively, the financial services industry will be better positioned to influence the federal government to amend regulations to streamline the entry process for skilled immigrants. The industry can also lobby for funding to support apprenticeship programs and formal mentoring programs aimed at new immigrants.

On the local front, the industry can leverage the work that the Toronto Region Immigrant Employment Council (TRIEC) is already doing to address the language, communications, cultural adaptation and credential recognition issues commonly faced by new immigrant entrants to the labour market. Some examples of current initiatives include TRIEC's Mentoring Partnership, hireimmigrants.ca and Career Bridge.

The **Mentoring Partnership** is an alliance of community agencies in Toronto, Peel Region and York Region, TRIEC and corporate partners. With the help of corporate partners, TRIEC recruits experienced professionals (mentors) and community-based organizations and matches them with internationally-educated professionals (mentees). An assessment of the mentor/mentee compatibility level is based on a number of criteria, including shared educational background, similar work experience and common career goals. Prior to joining the program, all mentees are assessed to be job-ready (i.e. language skills, résumé preparation, credential assessment, etc.). Mentors and mentees work together for a total of 24 hours over a four-month period, and they agree about when and where they will meet and how they will manage regular communication (in person, e-mail, etc.).

The **hireimmigrants.ca project** provides employers with interactive tools and resources to accelerate the integration of skilled immigrants into their organizations.

Since the launch of *www.hireimmigrants.ca* in June 2005, the site has been expanding in order to develop and support a learning community of employers and HR professionals. Weekly e-tips are distributed to a growing subscription list, with new ideas on how to integrate skilled immigrants into the workplace. A discussion board has been set up with eight subject-matter experts to respond to questions on such topics as internships, credential assessment and recruiting.

A seminar series is also underway. This includes tele-seminars covering HR strategies, practices and significant issues affecting the profession, as well as breakfast seminars run across the GTA. Local employers share their promising practices and then take time to answer participants' questions on how to get started.

The **Career Bridge program** responds to Canada's labour market demand for internationally-qualified professionals and to the aspirations of qualified immigrants eager to work in their professional fields in the Toronto region. A bridge between industry and immigrants, the program creates paid internship opportunities — from four- to 12-months long — at a wide range of employers committed to providing relevant work experience to professional-level newcomers.

Employers register with Career Bridge as host organizations and offer internship positions. Immigrants who wish to enter the program are pre-screened in areas such as language skills, educational qualifications and international experience. Host organizations then interview from the pool of candidates, confident that the candidates possess the basic requirements. Several hosts participating in the program have reported they are so pleased with the high calibre of applicants that they have created additional internship opportunities.

The next steps to leverage the existing programs and efforts of TRIEC to eliminate barriers to hiring and integrating new immigrants in Toronto's financial services industry include the following:

- In co-operation with the TFSA, TRIEC to convene a financial services sub-committee with representation from industry organizations, government and the education community;
- Develop additional program ideas and action plans that address the barriers to integrating new immigrants into the Toronto financial services sector; and
- Identify industry partners and engage in the implementation and delivery of the recommended initiative(s).

Improving financial services education

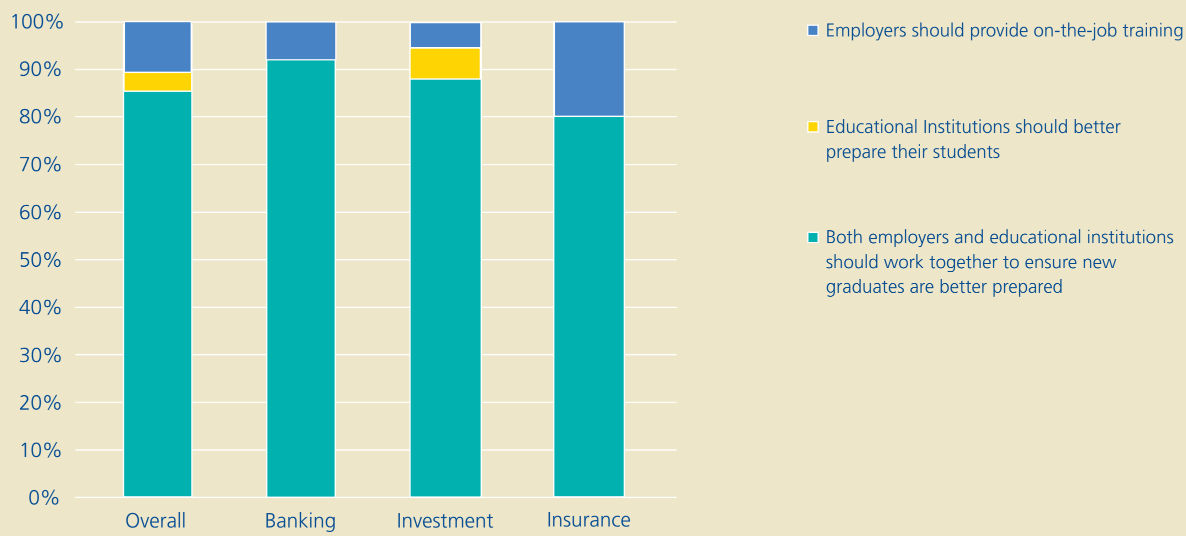
Local financial leaders interviewed for the *Talent Matters* study indicate that the industry needs to do a better job of partnering with educational institutions to address future skills needs, and to ensure that the industry can continue to draw on a pool of appropriately-educated talent.

Local educators note that, while the business schools have been doing a good job of preparing students for roles in corporate finance or portfolio management, they need to focus more on education that prepares students for roles in regulatory compliance, risk management, and global financial operations.

While there is ready access to financially-related education both locally and nationally, Toronto is lagging behind other cities such as New York or Chicago, in terms of developing specific industry-focused programs. According to the Institute for Competitiveness & Prosperity's *Assessing Toronto's Financial Services Cluster*, Toronto offers fewer specialized graduate programs compared to other major centres.[83]

Most organizations in the industry feel that training is a joint responsibility between government, education institutions and industry.

Who do Toronto financial organizations feel is responsible for training?



Source: *Talent Matters*

"The perception is that we do not want to expose youth in the high school system to the financial services industry. A career in the industry is not highlighted as a viable career and there is no recognition of the importance of financial services as an economic driver of the Toronto market. We need to start skill-building for the industry earlier in the education cycle to ensure that both the importance of financial services is recognized and the future talent needs of the industry are met."

Educator – *Talent Matters*

In a collaborative forum, with TFSA in a leading or supporting role, Toronto's financial services organizations can:

- Develop a comprehensive and robust inventory of training, accreditation and education programs that support the financial services industry and identify gaps. [The *Talent Matters* study has created a first-cut of the inventory.] Work with educators to enhance post-secondary financial services programs and close gaps. As a next step, extend the effort to include secondary-school educators and school boards to lay the foundation for financial education in the early years of learning;
- Work in partnership with the Ontario Ministry of Training, Colleges & Universities to create one consolidated approach to industry training with clearly established and documented standards of education, accreditation and professional recognition;
- Work in partnership across the industry and with government and post-secondary educational institutions to explore the possibility of creating a "centre of excellence" in financial services education and training development;

- Create more job shadowing/co-op placement opportunities in concert with industry, government and education to allow young people the opportunity to "try out" the financial services industry; and
- Host a regular "job fair" or equivalent event to showcase the broader financial services industry to students and potential next-generation recruits.

Additionally, the industry can follow the lead of other financial centres such as London, England. In the City of London, industry and educators have set their sights on making excellence in education a magnet to support local talent, and to attract international talent pursuing a career in the financial services industry.

The **International Financial Services of London (IFSL)** alliance stands as a leading-practice example of the value of collaboration. IFSL most recently branded London as the "expert financial services education and training provider" for all international markets.

Driven by the IFSL, the initiative supports the Mayor of London's goal to establish London as the "City of Learning" and to promote the City as a centre of excellence and the "Gold Standard" for professional education, training and qualifications in the financial services industry.[84]

Enhance the Toronto financial services brand

Toronto's financial services industry can leverage the branding expertise that is used to create competitive advantage among individual players to help brand the City as a major financial services centre. The industry and its related associations can also collaborate with educational institutions to enhance the overall financial services industry brand among students and potential recruits.

Toronto's financial services industry brand needs to reinforce the importance of the industry to the region's economy, to leverage the concentration and calibre of the industry players located in Toronto, to revitalize the appeal of the industry as a career choice for next-generation workers and new immigrants, and to emphasize the attractiveness of the City as a place in which to live, work and prosper. The industry needs to work more effectively in partnership with the City of Toronto to lead the brand initiative.

Through its previous work, the TFSA is already well situated to lead the collaboration with stakeholders to position and promote Toronto as a leading financial services centre. Successful branding can increase the local talent pool and increase the sector's ability to attract and retain talent in a tighter talent market. As a next step, TFSA can:

- Work collaboratively with its City partners to facilitate a series of roundtables with cross-industry representation, including the provincial government and industry organizations, to develop a Toronto financial services branding strategy; and
- Work in partnership with the Ministry of Training, Colleges & Universities, the Ministry of Education, key trade associations and both high school and post-secondary groups to develop strategies to encourage young people to see financial services as a career of choice.

> Toronto is already a mosaic of cultures that drives our economic prosperity and is reflected in our financial services industry. Why would we not build on our openness as a City and work collaboratively to position our strengths for the rest of the world to see. We need to build our brand, and create our buzz and excitement around what our City and our financial services community is all about — diversity, openness, collaboration and opportunity.
>
> Industry Association President – *Talent Matters*

Moving forward

Many of the talent strategies identified earlier in the report can be implemented by individual organizations drawing on their own resources. The recommendations in this section of the *Talent Matters* report, however, point to an ambitious program that will require new investment, innovation and a new spirit of collaboration among all of the key industry stakeholders.

If talent really does *matter*, then Toronto's financial services organizations will be compelled to collaborate on those fronts that can help create a diverse, skilled, accessible and sizeable talent pool, from which each individual organization can draw to maintain and enhance competitive advantage.

Because the financial services industry *matters* to Toronto and to the economic prosperity of the nation, all industry, government and education stakeholders must be compelled to support collaboration that secures a vibrant financial services workforce today and for the future.

Summary of Key Opportunities for Collaborative Action

Eliminate barriers to hiring and integrating new immigrants

- Leverage the existing programs and efforts of TRIEC to eliminate barriers to hiring and integrating new immigrants
- In co-operation with the TFSA, convene a TRIEC financial services sub-committee with representation from industry organizations, government and the education community
- Develop additional program ideas and action plans that address the barriers to integrating new immigrants into the Toronto financial services sector
- Identify industry partners and engage in the implementation and delivery of the recommended initiative(s)

Improve financial services education

- Create a collaborative forum of Toronto's financial services organizations, with TFSA in a leading or supporting role
- Develop a comprehensive and robust inventory of training, accreditation and education programs that support the financial services industry and identify gaps. [The *Talent Matters* study has created a first-cut of the inventory.] Work with educators to enhance post-secondary financial services programs and close gaps. As a next step, extend the effort to include secondary-school educators and school boards to lay the foundation for financial education in the early years of learning
- Work in partnership with the Ontario Ministry of Training, Colleges & Universities to create one consolidated approach to industry training, with clearly established and documented standards of education, accreditation and professional recognition
- Work in partnership across the industry and with government and post-secondary educational institutions to explore the possibility of creating a "centre of excellence" in financial services education and training development
- Create more job shadowing/co-op placement opportunities in concert with industry, government and education to allow young people the opportunity to "try out" the financial services industry
- Host a regular "job fair" or equivalent event to showcase the broader financial services industry to students and potential next-generation recruits

Enhance the Toronto financial services brand

- Position TFSA to lead the collaboration with stakeholders to position and promote Toronto as a leading financial services centre
- Bring industry players together to leverage their individual brands to create an over-arching brand that will attract more talent to the industry at large
- TFSA to work collaboratively with its City partners to facilitate a series of roundtables with cross-industry representation, including the provincial government and industry organizations, to develop a Toronto financial services branding strategy
- TFSA to work in partnership with the Ministry of Training, Colleges & Universities, the Ministry of Education, key trade associations and both high school and post-secondary groups to develop strategies to encourage young people to see financial services as a career of choice

Talent Matters study

About the study

In April of 2006, the Toronto Financial Services Alliance chose to partner with Deloitte's Human Capital consulting group to conduct a landmark study probing the human resource needs of the Toronto region's financial sector. The research initiative was called "*Talent Matters*", recognizing that the workforce is the real engine for the sustainable growth of our City and our financial services industry.

The purpose of the study was to explore the talent challenges that organizations in the Toronto financial services industry will face, and to identify talent strategies to help organizations in the industry continue to grow profitably. Key objectives of the *Talent Matters* study included:

- Understanding the current workforce profile of Toronto-region financial services organizations;
- Determining if talent shortages are currently an issue;
- Determining what future talent shortages are anticipated;
- Understanding what strategies, if any, are being used currently and which are likely to be used in the future to reduce the impact of talent shortages; and
- Highlighting leading talent-management practices.

Significant primary and secondary research was undertaken during 2006 (see right). Throughout the study, a Strategic Advisory Board comprised of human resource leaders from industry provided direction and feedback on findings and recommendations. Key stakeholders from industry, educational institutions, associations, executive search firms, and government also provided interim reviews and feedback.

Talent Matters study — approach to data collection

- An electronic survey of over 80 human resource and business representatives from the banking, insurance and investment sectors.
- In-depth interviews with 35 representatives from financial services organizations, associations, educational institutions, and government.
- A round-table discussion with representatives from associations who support the industry, including the Institute for Canadian Bankers, Canadian Banking Association, Canadian Securities Institute, Investment Funds Institute of Canada, Investment Industry Association of Canada, and Financial Planners Standards Council.
- A round-table discussion with representatives from Toronto-based education institutions who support the industry.
- A "deliberative dialogue session" with over 59 participants from industry, associations, educational institutions and government to review preliminary findings and discuss imperatives for change.
- Interviews with Deloitte global thought leaders in financial services and talent management.
- A review of Canadian and global published information on changes in the financial services market, anticipated labour challenges, and world-class talent strategies.

Talent Matters - Participating organizations

Participating Financial Services Industry Organizations		
• ABN AMRO Bank N.V., Canada Branch • ACS/Buck Canada Limited • BMO Financial Group • Canadian Bankers Association • Canadian Council on Learning • Canadian Imperial Bank of Commerce • City of Toronto - Economic Development • Citizenship and Immigration Canada • Centennial College • Credit Union Central of Ontario • Deloitte Inc. • Dynamic Funds • Financial Planners Standards Council • Home Trust Company	• Humber Institute of Technology and Advanced Learning • George Brown College • HSBC Bank Canada • ING Canada • Institute of Canadian Bankers • Institute for Competitiveness & Prosperity • Investment Industry Association of Canada • McMaster University – DeGroote Business School • Manulife Financial • Ontario Municipal Employees' Retirement System (OMERS) • Ontario Teachers' Pension Fund • Ray & Berndtson • Ministry of Government Services • Ministry of Training, Colleges and Universities • RBC Financial Group	• Royal & SunAlliance Canada • Russell Reynolds Associates • Ryerson University - Chang School of Continuing Education • Scotiabank • Seneca College • Sheridan Institute of Technology & Advanced Learning • Sun Life Financial • TD Bank Financial Group • The Alliance of Sector Councils • The Immersion Lab • The Investment Funds Institute of Canada • Toronto Financial Services Alliance • Toronto Region Immigrant Employment Council (TRIEC) • University of Toronto - Rotman School of Management • York University - Schulich School of Business

About the TFSA

The Toronto Financial Services Alliance (TFSA) is a unique public/private initiative of individuals representing the financial services industry and its trade associations, all levels of government, academic institutions and third party suppliers to the industry. Its mandate is to enhance and promote the competitiveness of Toronto as a premier North American financial services centre.

Since its creation in 2001, the organization has worked in partnership with the City of Toronto to produce some important research describing Toronto's financial services industry and the attractiveness of the City as a business location, and has identified key issues that affect its competitiveness.

Specifically, the TFSA has identified three objectives:

1. To develop and implement awareness-building campaigns for the financial services sector that:

   - Increase recognition, locally and internationally, of the breadth and depth of the industry within Toronto;

   - Promote, locally and internationally, the capabilities of the industry as well as opportunities for future growth and expansion;

   - Heighten awareness of the contribution the industry makes to the economic vitality of Toronto, Ontario and Canada; and

   - Promote Toronto as a desirable location for financial services operations.

2. To enhance the competitiveness of Toronto's financial sector within the regional, national and global marketplace by:

   - Providing intelligence/research on trends and issues affecting the sector;

   - Identifying the local infrastructure requirements needed to operate effectively and efficiently;

   - Ascertaining the workforce development needs for the financial services sector and building upon existing educational programs;

   - Identifying and promoting the sector's unique and innovative products and services;

   - Facilitating local opportunities for expansion to better retain and attract investment and employment; and

   - Identifying benchmarks to assess the regional and global position of the sector.

3. To establish partnerships with the financial services industry to identify and develop positions on key common policy issues and advocate for adoption. TFSA will:

   - Identify opportunities to ameliorate the competitive, regulatory and tax environment to ensure the future growth of the industry; and

   - Engage all levels of government to develop strategic policies that will ensure the long-term competitiveness of the industry.

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About Deloitte

Deloitte, one of Canada's leading professional services firms, provides audit, tax, consulting and financial advisory services to a wide range of Canadian and international clients. Deloitte Canada has more than 6,500 people operating in 50 offices across the country. Deloitte is the Canadian member firm of the Deloitte Touche Tohmatsu Verein, which is an association of firms operating in nearly 140 countries. Together, DTT member firms have approximately 135,000 employees around the world. Deloitte serves more than one-half of the world's largest companies, as well as large national enterprises, public institutions, local clients, and successful, fast-growing global growth companies.

Deloitte practitioners combine industry insight with a deep understanding of today's local and global business challenges to give their clients the intelligent, practical and principled solutions they need to resolve today's challenges and anticipate tomorrow's.

Deloitte's professional services are diverse — from forensic accounting, control assurance, security services, risk management, human capital consulting and enterprise applications to indirect tax, accounting, corporate governance, mergers and acquisitions, personal tax and financial planning. But they all have one thing in common: helping clients excel. Deloitte is a true multi-disciplined professional services organization.

Deloitte's Human Capital Practice

Deloitte is one of the largest Human Capital consulting organizations in the world. With more than 3,500 practitioners located in over 25 countries, our practitioners include HR generalists and deep functional specialists in all areas of human resources, organization design, change management and HR technology.

Deloitte's Human Capital Practice seeks to be a leader in the "people dimension of business", helping clients achieve exceptional performance by providing services and solutions that address the people and functional HR issues integral to business operations and performance. The firm specializes in integrating people issues with business strategy with the goal of enhancing an organization's performance, productivity and profitability through people.

Deloitte's Human Capital services encompass three core areas: Organization and Change, HR Transformation and Total Rewards.

Organization and Change

Deloitte helps clients improve organization effectiveness through the development of new or enhanced organization models and through a wide range of talent and workforce planning strategies. Human Capital professionals also provide advice on driving employee adoption of large scale change such as mergers and acquisitions, regulatory change, business transformation, and new technology and processes, through communications, executive alignment, stakeholder management and training.

Service offerings

- Organization Design
- Organization Transformation
- Merger and Acquisition Integration
- Behaviour-Led Strategy Execution
- Regulatory and Technology Change Adoption
- Learning and Development
- Talent Management

HR Transformation

Deloitte helps clients create HR strategies that drive sustained revenue growth and profit improvement in the face of market challenges such as increasing globalization, talent shortages, and intense regulatory scrutiny. Human Capital professionals provide advice on transforming the HR function to deliver on those HR strategies, through process and organization design, shared services and technology optimization, HR capability development and HR Business Process Outsourcing advisory.

Service offerings

- HR Strategy
- HR Service Delivery
- HR Operations and Process Design
- HR BPO Advisory and HR Technology

Total Rewards

Deloitte helps clients improve employee productivity and drive revenue growth through total reward and sales force effectiveness strategies. Our professionals provide advice on designing and implementing rewards and recognition strategies, including base salary, job evaluation, incentive pay, sales compensation and non-financial rewards, and we also advise clients on designing and implementing effective sales organization designs and developing sales force capabilities.

Service offerings

- Total Compensation Strategy
- Rewards Transformation
- Recognition Programs
- Executive Compensation
- Sales Force Effectiveness
- Performance Measurement/Management
- Compensation Governance and Risk Management

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