RESEARCH REPORT

Is Age Really Just a Number?

Investigating Approaches to Employee Engagement

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Generational Diversity and Engaging Talent

For more than 20 years, a global labor shortage has been projected due to the impending retirement of substantial numbers of older workers and an inadequate supply to replace them.[1] By 2010, researchers were estimating a shortfall of more than 10 million workers in the United States alone.[2] By 2020, immigration was expected to account for much of the world's net work-force growth, with North America and Europe gaining the most due to net immigration and Africa, Asia, Latin America, and the Caribbean losing population due to net migration.[3] Yet, today, discussions related to the global labor market are markedly different.

According to the United Nations, the continuing global financial crisis and layoffs during the past two years have affected the employment situation around the world. Unemployment rates in the Euro Area are estimated to have increased by more than two percentage points in 2009, with the largest increase in Ireland and Spain, by 12.5 and 9.5 percentage points, respectively.[4] In the Commonwealth of Independent States and Central and Southeastern Europe, the number of unemployed has increased by as much as 35 percent in 2009.[5] In October 2009, the unemployment rate in the United States rose to 10.2 percent, the highest in 26 years.[6] In East and South Asia, 70 percent of the workforce is now engaged in informal and casual work arrangements, which is increasing the number of workers with poor quality jobs.[7] With unemployment rates around the world expected to continue rising, unemployment rates for youth (ages 16 to 24) are expected to increase, and a growing number of new college graduates will face substantial difficulties in finding employment.

Despite the poor employment situation around the world, business leaders worldwide continue to report that they face a critical need to recruit and retain talent that will help them to remain competitive. Results from The Conference Board 2010 CEO Challenge Survey reveal that *finding qualified managerial talent*, *stimulating innovation/creativity/ enabling entrepreneurship* and *improving productivity* were the top talent-focused challenges reported by executives around the world.[8] The latter two were ranked seventh and ninth, respectively, in the Global Top 10 challenges, and *finding qualified managerial talent* ranked as a particular challenge in Asia. Excellence at the top of the organization was also cited as a challenge. Specifically, the challenges *excellence in execution* and *consistent execution of strategy by top management* were ranked as the number one and two challenges globally by top executives.

While these challenges may seem daunting, research suggests that companies can take big steps toward addressing them by focusing on employee engagement.[9] In fact, past research has shown strong correlations between employee engagement and productivity, company financial performance, sales performance, loyalty, and employee retention.[10]

[1] William B. Johnston and Arnold E. Packer, *Workforce 2000: Work and Workers for the Twenty-First Century*, (Indianapolis, IN: Hudson Institute, 1987).

[2] Ken Dychtwald, Tamara J. Erickson and Robert Morison, *Workforce Crisis: How to Beat the Coming Shortage of Skills and Talent* (Boston: Harvard Business School Press, 2006).

[3] Ibid.; and United Nations Department of Economic and Social Affairs/ Population Division, *World Population Prospects: The 2004 Revision*, Volume III: *Analytical Report*, 2006.

[4] United Nations, *World Economic Situation and Prospects 2010*, New York, 2010.

[5] Ibid.

[6] Ibid.

[7] Ibid.

[8] Linda Barrington, *CEO Challenge 2010: Top 10 Challenges*, The Conference Board, Research Report 1461, 2010.

[9] John Gibbons and Russell Schutt, *A Global Barometer for Measuring Employee Engagement*, The Conference Board, Research Report 1460, 2009.

[10] Studies cited by Gibbons and Schutt, *A Global Barometer for Measuring Employee Engagement*.

Moreover, recent research from The Conference Board suggests that companies can achieve greater levels of these business outcomes by focusing on five broad employee engagement driver groups that capture the different components of the employee experience:[11]

1. Organizational health: organizational culture and associated policies

2. Managerial quality: relationships between employees and their managers

3. Job design: the variety, challenge, and degree of visibility to the outcomes of one's efforts

4. Workplace readiness: equipment, time, training, and resources required to work effectively

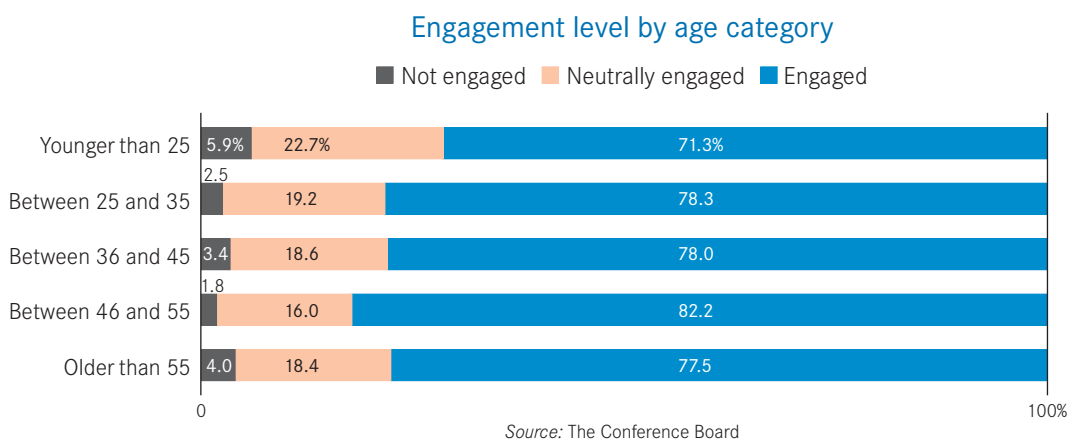5. Extrinsic rewards: pay and benefits and non-financial rewards

Although these findings suggest that HR leaders can develop engagement strategies that address a common set of employee issues, The Conference Board believes that further research should be done to determine whether engagement strategies should be customized by country or by other demographic difference (i.e., age/generation, gender, race/ethnicity, etc.).[12]

Generational Diversity: A Reason to Panic?

Veterans. Boomers. Gen-Xers. Millennials. Today's global workforce now includes at least four generations. Many media outlets have positioned this age/generational diversity as a challenge. Consider the following four headlines:

- "With Jobs Scarce, Age Becomes an Issue"[13]
- "The Young-Boss-Older-Employee Dilemma"[14]
- "For Older Workers, A Reluctant Retirement"[15]
- "Cost-Cutting and Layoffs Mean Boom Time for Younger Workers"[16]

While these headlines may suggest that age diversity negatively affects workers, The Conference Board has actually found that levels of employee engagement are relatively similar across different age groups. Data in The Conference Board's 2008 Global Employee Engagement database of approximately 2,400 employees in 13 multi-national organizations were analyzed by age group. The chart below reveals that, overall, the majority of the employees who took the survey were engaged. The age group with the highest level of engagement was between 46 and 55 years old, and the age group with the lowest level of engagement was younger than 25. The engagement levels for employees between 25 and 35, 36 and 45, and older than 55 were more comparable. However, the fact that none of these differences in engagement was statistically significant suggests that no one age group is more or less engaged than another.

Engagement level by age category

■ Not engaged ■ Neutrally engaged ■ Engaged

Age category	Not engaged	Neutrally engaged	Engaged
Younger than 25	5.9%	22.7%	71.3%
Between 25 and 35	2.5	19.2	78.3
Between 36 and 45	3.4	18.6	78.0
Between 46 and 55	1.8	16.0	82.2
Older than 55	4.0	18.4	77.5

Source: The Conference Board

11 This information is part of the research conducted by John Gibbons and the employee engagement research team at The Conference Board. See Stephanie J. Creary and Lara Rosner, *Mission Accomplished? What Every Leader Should Know about Survivor Syndrome*, The Conference Board, Executive Action No. 307, June 2009.

12 Gibbons and Schutt, *A Global Barometer for Measuring Employee Engagement*.

13 Dana Mattioli, "With Jobs Scarce, Age Becomes an Issue," *Wall Street Journal*, May 19, 2009.

14 Tara Weiss, "The Young-Boss-Older-Employee Dilemma," Forbes.com, February 27, 2007.

15 Kelly Evans and Sarah E. Needleman, "For Older Workers, A Reluctant Retirement," *Wall Street Journal*, December 8, 2009.

16 Jonnelle Marte, "Cost-Cutting and Layoffs Mean Boom Time for Younger Workers," *Wall Street Journal*, April 20, 2010.

In addition, employee engagement was regressed on the five driver groups to determine which factors were significant predictors of employee engagement across the different age groups around the world. The results revealed that four of the five factors in the model were highly significant predictors of employee engagement for all age groups ($p < .001$ for each of the four variables):

1. Job design
2. Organizational health
3. Managerial excellence
4. Extrinsic rewards

The fifth driver group, workplace readiness, was not a significant predictor of employee engagement across all employees in the general sample. These findings suggest that a multigenerational approach to employee engagement that addresses a common set of employee issues may be important.

As a result, The Conference Board conducted a comparative case study analysis to investigate leading companies' employee engagement strategies and determine whether these approaches included a multigenerational lens. Cisco, Inc., and CVS Caremark were selected because they are two companies in markedly different industries that have been affected by the financial crisis, but continue to remain committed to improving the employee experience.

Specifically, the case analysis was designed to consider two questions:

1. What approaches do leading companies take to engage their employees so that they may achieve their business goals?
2. Do these companies customize their approaches to focus on age/generation and/or on other demographic differences?

The remainder of this report provides insights into these questions.

Cisco Systems, Inc.

CISCO Designs, manufactures, and sells Internet protocol (IP)-based networking and other products related to the communications and information technology (IT) industry.

Corporate headquarters San Jose, California

2009 Revenues $36.1 billion (2010 Fortune 500 ranking: 58)

No. of employees 68,574

Central Issues Cisco discovered that its Millennial workforce would surpass its Baby Boomer workforce by 2011, only the company was primarily led by Baby Boomers. Additionally, the results from employee focus groups revealed low ratings for first-time managers and on items addressing career development and rewards systems.

Cisco's Approach Employee engagement was instituted as strategic function, driven by a 10-member cross-functional workforce board. Five key focus areas are: environment, people, opportunities, culture, and rewards.

Engagement Practices Twelve employee resource groups support the company's recruitment, retention, development, business outreach, and community-building efforts. An intranet site gives employees opportunities to share their voices and also functions as a medium for community-building.

Engaging a Global Workforce: "Changing the way we work, live, play, and learn."sm

Currently, Cisco employs more than 65,000 people worldwide, with nearly 40 percent of the company's employee base living and working outside of the United States.[17] Cisco projects that a significant percent of its hiring in the next three years will occur outside of the United States, altering substantially the demographics of its four-generation workforce. (By 2011, the Millennial workforce will surpass the Boomer workforce.) Given this shift in the workforce, both globally and generationally, the company considers employee engagement to be of strategic importance.

At Cisco, Employee Engagement is a strategic function that is supported by John Chambers, chairman and CEO, and Brian Schipper, senior vice president of Human Resources, and led by Susan Monaghan, vice president of Employee Engagement. While the Employee Engagement function resides in Human Resources, Cisco believes that the entire company is responsible for driving engagement and, to this end, has appointed a "Workforce of the Future" Board that stewards the engagement mission. The Workforce of the Future Board is co-led by Monaghan, and Ron Ricci, vice president of Corporate Positioning, and it operates in ways similar to those of the company's other cross-functional councils and boards. Instead of one executive overseeing future workforce initiatives, the 10-member Board (including the company's IT, finance, workplace resources, compensation, leadership, learning and development, and branding and marketing functions) makes decisions as a group about the future direction of Cisco's employee engagement action plan.

Monaghan reflects on the factors leading the positioning of employee engagement as a strategic imperative at Cisco:

> About two years ago, we recognized that we were doing a great job of acquiring talent from the outside, and developing executive leaders, but we weren't necessarily responding to the voice of our current employees, who were telling us what was important to them, especially around what they wanted out of a long-term career with Cisco. Our employees were telling us that while they loved working at Cisco, they wanted more opportunity to develop, move around the company, and more recognition of a job well done. These factors, they told us, were critical to their engagement. Through internal research, we discovered that the average non-executive employee had been with the company for fewer than three years and learned the information regarding the Millennial workforce soon surpassing our Boomer workforce. This was shocking to us, given the fact that Cisco is primarily led by Baby Boomers.

Internal research revealed that there was a strong association between levels of engagement and increased levels of employee productivity across all demographic groups—by as much as 20 percent.

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17 "100 Best Companies to Work For: Cisco," CNNMoney.com.

Monaghan and her team met with Chambers and the executive team and showed them these data. As a result, the executive team decided that Cisco needed to act quickly since the company's environment would be very different in a couple of years.

At this point, Cisco launched a global employee engagement strategy as a company initiative, to develop practices that focused on engagement by demographic group (including age/generation).

While all this was happening, Cisco also decided to reorganize the talent organization into five separate functions to enhance focus in each particular discipline:

1. Executive Talent
2. Learning and Development
3. Staffing
4. Inclusion and Diversity
5. Employee Engagement

Each of these functions would be led by separate people with different long-term and short-term plans and visions.

Since the company wanted employee engagement to be the responsibility of every leader, it developed a framework that was built on five focus areas: environment, people, opportunities, culture, and rewards. Citing Cisco's data-driven culture, Monaghan recalls:

> We analyzed qualitatively and quantitatively how well we were doing with respect to employee engagement across all demographic groups in each of the five focus areas. We have a traditional Pulse survey, and we've been using it for years, but we never stepped back and asked employees what's important to them and how well we are doing. So we went out and conducted 73 focus groups. What we found was that the areas in which we were doing the best were the areas employees were the least concerned about.

Monaghan notes that Cisco received very high ratings from employees of all demographic groups for environment and culture and high ratings for people at the leadership level—meaning, employees expressed that they had faith in the leadership team and loved the people they worked with. However, the company received lower ratings for first-line managers, as well as on items addressing career development and rewards systems. With the changing demographics, Cisco needed to make a decision.

Should the company build traditional developmental and reward systems or should it stop and ask the question, "In 2020, what would it look like to work at Cisco, and what will meet the needs of our employees?" From this, the Workforce of the Future Board was formed to determine where the company's employee engagement plans should focus, based on a futuristic vision.

Monaghan indicates that one of the most important things that Cisco has to continue to do is focus on addressing the engagement needs of different demographic groups, including different generations. As part of the company's "Focus on Internal Talent" initiative, Cisco began developing a companywide program in 2009 called "Talent Connection" in which a key component is to match internal talent to open job requisitions. The company recognized that employees from younger generations wanted to change positions and move more often than did older generations. Therefore, Cisco encouraged all of its employees to create a standard web-based profile, highlighting their distinct skills and talents, which would allow them to "opt in" to being recruited by other managers.

Monaghan explains:

> We're trying to put this into the employees' hands. Essentially, we're going to publish every job internally before we recruit externally so that our employees have the opportunity to apply for openings first and move around the company to develop their skills. If they've been in their role for a year, they are entitled to seek a transfer and the employees' direct managers must support that movement. We think empowering our employees in this way is critical for all generations and will help us to create a culture shift.

As part of its diversity initiative, Cisco is also attempting to recruit younger employees to many of the company's decision-making boards and councils, currently composed primarily of Baby Boomers at the vice president level and above.

Focusing on Organizational Health and Job Design

Cisco's 12 employee resource groups (ERGs) are also critical to the company's engagement efforts and reflect the wide range of demographic groups that are represented within Cisco's workforce. Marilyn Nagel, chief diversity officer, explains: "We put inclusion first at Cisco because it's what you do with that group that's going to make a difference. So now that you have a diverse group, are you appreciating and leveraging the talent and the differences that come with diversity, or are you trying to fit everyone into the same mold?"

Nagel and her team, which includes Jacqueline Munson, senior leader of Global Inclusion and Diversity, oversee the governance of the ERGs, along with the company's goal of addressing employee engagement by community. Cisco's inclusion and diversity efforts also emphasize:

- attracting and selecting diverse talent;
- developing and engaging diverse talent;
- driving a culture of inclusion through behavioral change; and
- sharing Cisco's approach with customers and partners.

Since 2007, Nagel has worked with other executives at Cisco to bring more focus to the ERGs and help them evolve. "We see them as a valued resource of the company. Their role is to support recruiting efforts, to help with business outreach—to help connect us with the business segments that represent their population—and to help us with targeted development and building networks," she explains.

Cisco's ERGs have been instrumental in growing the company's business in several arenas. For example, Conexion has worked with the Hispanic Chamber of Commerce, which has resulted in some Hispanic-owned small businesses becoming resellers of Cisco equipment. Conexion has also been instrumental in making Spanish-language technical support available to Hispanic small business owners in the United States. Essentially, Conexion recognized that Cisco's website did not have translation in Spanish; similarly, when you called the company's technical assistance center, there was no option to talk with a Spanish-speaking representative. In working with Cisco's small business council, Conexion recommended that the company adopt Spanish-language availability both on the website and through the technical assistance center.

Cisco's Employee Resource Groups

1. **Cisco Asian Affinity Network** Provides a forum and a professional network for Asian employees worldwide.

2. **Cisco Black Employee Network** Creates an environment for African-American employees to facilitate business quality, career growth, and community involvement.

3. **Cisco Disabilities Awareness Network** Welcomes employees who have or have had a disability or who know someone within the disabled community.

4. **Cisco Connected Women** Empowers professional growth of female employees by offering networking, mentoring, and career development resources. Promotes both professional and engineering career paths among girls and women in the community.

5. **Conexion:** Facilitates Latino professional development, community and educational outreach, networking, and advancement of Cisco's business objectives.

6. **Early in Career** Helps early-career new hires to succeed at Cisco by facilitating leadership, professional relationships, and shared experiences.

7. **Experienced Influencers** Is dedicated to positioning Cisco as the employer of choice for Baby Boomers, engaging employees throughout their career and into retirement.

8. **Gay, Lesbian, Bisexual, Transgender & Advocates Network** Creates a climate embracing GLBT individuals as part of the Cisco family and valuing them for their contributions to the company and their local and global communities.

9. **Indians Connecting People** Links the Cisco Indian employee community to facilitate professional development and networking, drive business growth, and give back to communities in need.

10. **Middle East Inclusion and Diversity Network** Focuses on Middle Eastern employees who want to enhance their careers, support the community, and grow the business by facilitating business partnerships between Cisco and the community.

11. **Veterans Enablement & Troop Support** Helps integrate the experience, values, and knowledge of both active-duty service people and veterans worldwide.

12. **Women in Technology Action Network** Fosters a technology community that inspires, educates, and enriches career, leadership, and personal development for technical women.

Since Cisco already had these services available for markets in Spain and Latin America, it was able to engage Conexion in reviewing the translations for accuracy. After enacting Conexion's recommendations, the company has seen thousands of new inquiries on its websites.

Other ERGs are also helping the company with business outreach. Cisco's Connected Women ERG held an event for women called "Connected Women," where women business leaders from outside of Cisco were invited to attend a development day. Nagel posits that developing relationships with business women in this way has resulted in millions of dollars worth of new business.

The Early in Career ERG has given feedback and input into Cisco's new product development process. For example, prior to the next phase of product development for the company's WebEx products, Cisco engaged its Early in Career ERG to work with the product development team to ensure that the new products would be relevant to that community.

Each ERG has an executive sponsor (vice president level and above) who, along with each community's ERG leadership team, helps support Cisco's engagement platform. For each community, there are between one and three global leaders, and each chapter has between one and three individuals who share leadership responsibility. Each ERG has its own process for selecting its leadership team, but follows the general guidelines provided by the inclusion and diversity function. Some of the older ERGs elect leaders to serve on a "Board of Governors" through a membership voting process. In other groups, employees apply for a leadership position and leaders are selected by the executive sponsors.

Leading an ERG, whether locally or globally, provides employees with substantial exposure to senior leaders and developmental opportunities. Nagel believes that leading an ERG also offers a "safe" way to develop one's leadership skills since employees are doing so within their own community. As leaders of ERGs, employees meet monthly, hold webinars, facilitate meetings, and develop their large-group presentation skills. Many ERG leaders also speak at conferences and other external venues.

"One of the executive sponsors of Conexion always talks about how he would not have become a VP had he not been the lead of Conexion, which provided him with tremendous visibility and developmental opportunities," Nagel notes.

ERG leaders also participate in a development program that is part of Cisco's model of collaborative leadership and is typically only offered to managers and directors. Recognizing that ERG leaders are not only leaders of virtual and large communities, but also volunteer leaders without formal authority, the inclusion and diversity function launched a leadership and development program for ERG leaders in 2009. The program started with a two-day offsite event and included 360-degree leadership evaluation and coaching. There was also a series of courses on leadership development to help develop ERG leaders individually and in their abilities to develop a team mindset and work across different ERG chapters and communities.

Engaging Employees in Uncertain Times: "We Are Cisco"

A 2009 industry survey indicated that employees' intent to stay would most likely remain steady while discretionary effort would continue to decline through the downturn, thereby negatively affecting company productivity.[18] Given this industry trend, Cisco took steps to ensure that engagement across all employee demographic segments remained a company priority. For example, according to Karen Hodskins, director of Employee Engagement and Brand Development, a cross-functional group of HR and communications leaders was established to address the anticipated affect of an economic downturn on employee morale and engagement.

The company had already begun to slow hiring, raises, and promotions and cut other discretionary costs. Recognizing these actions would likely affect employee morale, the group pondered how the company would be able to maintain its culture of engagement during uncertain times. Explains Hodskins, "Cisco is very experienced at leveraging economic downturns to improve its market position for the benefit of customers, partners, and shareholders. We decided to have a similar objective with employees: how could we use the downturn to improve employee morale in ways that we could build upon for the upturn?" The group decided that a traditional one-way communication campaign alone would not be enough— the team wanted to figure out a way to give employees a more active voice in the Cisco employee experience.

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18   *Employee Value Proposition Survey*, Corporate Leadership Council, Corporate Executive Board, 2009.

"We realized we could take advantage of Web 2.0 technologies internally to give employees a platform where they could express themselves," Hodskins continues. "We have a long history of conducting employee satisfaction and employee engagement surveys, but surveying isn't the same as giving employees opportunities to share their voice in more real-time, day-to-day, and personalized ways." Hodskins also notes that "having opportunities to share a voice" would become an additional resource to understanding employee interests and sentiment in addition to Cisco's annual employee engagement survey and focus group work.

In August 2009, while the company was preparing for its 25th anniversary celebration, Cisco launched an intranet community site, "We Are Cisco." Initially, the site served as the platform to drive activities related to the company's anniversary. For example, Cisco decided to host a "Cisco's Got Talent" contest in which employees from around the globe uploaded videos of themselves performing their talents to the site. Cisco employees voted and finalists performed in person for the entire leadership team and several celebrity guests during a worldwide broadcast.

Currently, the "We Are Cisco" site is managed by the company's internal communications team, which convenes monthly a cross-functional editorial board to discuss future content, ways to generate more participation and awareness for the site, and methods to make the site more interactive and community-oriented for different demographic groups. Now considered the "employee lifestyle section" of Cisco's intranet site, "We Are Cisco" regularly features content, classified ads, features on employees, and numerous discussion threads on a multitude of subjects generated directly from employees. In addition, the site contains links to employee interest information, such as employee services, the ERGs, career opportunities, and volunteer/philanthropy activities.

Measuring Success: Focusing on Managerial Quality

Monaghan notes that Cisco's long-term strategy is to focus on managerial engagement to increase employee engagement:

> The generational lens is just one lens in our engagement plan. There are many other lenses and demographic groups to consider. We are aggressive in our approach to employee engagement, and we have senior leadership support, but we think it's going to take us about three to five years to change the culture at Cisco. In the meantime, we've created a manager index and an employee engagement index in our Pulse survey. Every year, each person who manages more than five people will receive results in both categories. We're publishing to the Senior Leadership team both the bottom and top 20 percent of managers so that we can create action plans. We're hoping that we can engage the top 20 percent in coaching the bottom 20 percent in ways to improve engagement among their employees.

Monaghan believes that four factors are important to the successful execution of the employee engagement action plan at Cisco:

1. Engagement is a separate functional area – not just an HR initiative – that focuses on the needs of multiple demographic groups.

2. Engagement is driven cross-functionally, with multiple leaders held accountable for the actual execution of the strategy across the company.

3. An engagement plan is an ongoing discussion in the business and is regularly presented at the top meetings in the company to illustrate the issues, the plan, and what is expected.

4. Using "the voice of the employee" to develop initiatives, but driving the work down from the top (i.e., the corporate level and each function).

"I can't even imagine what it would be like trying to make a difference in any other way," confesses Monaghan.

CVS Caremark Corporation

CVS CAREMARK A health-care provider and pharmacy services company. In addition to prescription drugs, CVS/pharmacy stores also sell general merchandise products.

Corporate headquarters Woonsocket, Rhode Island

2009 Revenues $98.7 billion (2010 Fortune 500 ranking: 18)

No. of employees Approximately 200,000 (150,000 in CVS/pharmacy retail stores)

Central Issues CVS Caremark wanted its retail stores to mirror the communities in which it operates, but it was experiencing challenges in recruiting and retaining the right mix of workers to serve its customers.

CVS's Approach CVS Caremark's approach to employee engagement is flexible and allows the company to adapt and respond quickly to changes in the retail store employee base. It seeks to build community by engaging the greater community.

Engagement Practices The company's "snowbirds" program is an employee-focused policy that is focused specifically on retaining mature workers, though some younger workers have taken advantage of it. The Pathways to Pharmacy and Senior Leadership Mentoring programs and welfare-to-work and mature workers initiatives reflect the company's commitment to mirroring the communities in which it operates while sharing its community values with the larger employee base.

Engaging Employees in CVS/Pharmacy Retail Stores: "The Power of One"

CVS believes that engaging employees across multiple demographic groups is critical to recruitment, retention, and customer service.[19] In fact, improving employee satisfaction and employee engagement has been a priority for CVS for a number of years.

Previously, CVS conducted employee satisfaction surveys and discovered a link between employee satisfaction and customer service. Three years ago, the company began conducting a companywide employee engagement survey, which includes questions related to its approach to diversity and allows the company to analyze data by race/ethnicity, gender, and age. The results are used to drive many of the diversity-related initiatives on which the company's Corporate Diversity Council and Colleague Resource Groups (CRGs) focus. Initiatives focused on age/generation are also developed items discussed at cross-functional team meetings and introduced by the company's Workforce Initiatives group.

Stephen Wing is the director of Workforce Initiatives and oversees CVS's welfare-to-work, mature worker, Regional Learning Centers, and Pathways to Pharmacy programs.

Wing and his team are responsible for addressing the company's customer service and employee recruitment and retention imperatives through partnerships with government agencies, nonprofits, faith-based groups, and educational institutions. They also investigate grant and tax-credit options that may support the company's recruitment efforts. "Workforce initiatives originally started in one market and in one store," Wing explains. "But, eventually, they grew into regional programs, then area programs, and finally into company programs."

The Workforce Initiatives team, housed in HR, includes six employees who report directly to Wing and are strategically positioned around the United States. More than 15 other CVS employees have dotted-line relationships to Wing, holding positions elsewhere in the company (e.g., Regional Learning Centers, distribution centers, Caremark, etc.), and spend approximately 10 to 100 percent of their time on workforce initiatives that seek to engage new and current employees.

The greatest focus on engaging the workforce at CVS relates to hiring and training the more than 150,000 employees who work in the company's 7,000+ CVS/pharmacy retail stores. Wing explains, "At CVS, we want our stores to mirror the communities in which we operate.

19   For additional information about CVS Caremark's mature workers initiative, see: Mary B. Young, *Grey Skies, Silver Linings: How Companies Are Forecasting, Managing, and Recruiting a Mature Workforce,* The Conference Board, Research Report 1409, 2007.

But, in the 1990s, we found that less than seven percent of our employees were over the age of 50. We talked to our hiring locations and managers and they all said that they would love to hire older workers, but that they couldn't find them. Therefore, we decided that we needed to focus on finding the right mix of workers—younger and older—to serve our customers."

CVS then began to partner with national organizations like AARP, the National Council on Aging, and local/state agencies on aging to help CVS recruit mature workers who were suitable to work in the company's retail environment and manage the physical demands of the front store. One-Stop Career Centers, for example, were instrumental in recruiting a number of new workers to CVS. In 2000, CVS/pharmacy joined forces with a One-Stop Career Center in Washington, D.C., to add a CVS Regional Learning Center/mock CVS store inside the center, allowing the company to provide skills-based training to both new and current employees. Since then, CVS has opened five Regional Learning Centers in major cities and installed mock CVS/pharmacy stores in each one.

Focusing on Job Design and Managerial Quality

Internal research also revealed that the majority of the company's mature employees are pharmacists. Many of these pharmacists were seeking more flexible work schedules, especially during the cold winter months. As a result, CVS developed the "snowbirds" program to engage this population. Through the program, CVS employees who live in one part of the country can easily transfer employment to a CVS store in another part of the country during different times of the year. For example, some mature workers like to live in Florida during the winter, so they apply to transfer to a CVS in that location. While mature workers are accessing this program the most, younger workers are beginning to participate as well.

While CVS was actively recruiting mature workers, it was also engaging a new generation of younger workers who lived in urban and rural communities across the United States. In 2002, CVS/pharmacy started Pathways to Pharmacy, a nationwide internship program aligned with the nonprofit organization America's Promise Alliance, community groups, and schools dedicated to helping disadvantaged youth pursue careers as pharmacy technicians and pharmacists. Program participants receive training, mentoring, and support, including financial assistance for pharmacy school.

Ultimately, the program seeks to create opportunities for future employment with CVS. Since the program's creation, it has expanded to more than 40 cities and serves an estimated 1,800 high-school students a year.

In 2005, CVS held three focus groups in Atlanta, Chicago, and Pinellas Co., Florida, to investigate how to keep retired and retiring pharmacists engaged in the profession. Participants recommended that the company develop a mentoring program in which senior pharmacists are encouraged to "leave a legacy" by mentoring younger students and encouraging interest in the pharmacy profession. As a result, mature pharmacists who were thinking of retiring were encouraged to stay with CVS and participate as mentors in the Pathways to Pharmacy and Senior Pharmacist Legacy Mentoring programs.

Jerry Welenc, pharmacy manager and full-time pharmacist in a Chicago CVS/pharmacy store, actively participates in these programs. "Often, the participants are the first kids in their family to go to college. Our job is to introduce them to the profession," he explains. "In Chicago, about 30 students participate in the program every year. They take summer classes at the University of Illinois, where they learn to be pharmacy technicians. CVS pays them to work in the pharmacy for four to six weeks during the summer, and they are mentored by senior pharmacists who volunteer to be part of the program. After the summer, some participants continue to work in the front store until an opportunity arises to come back and work in the pharmacy."

While Welenc has been employed by CVS for the past six years, he had been an independent pharmacist and businessman for 45 years in a Chicago community pharmacy. He admits, "I was no longer able to compete in the marketplace, so I decided that I would try the corporate world. After a brief stint as a pharmacist in a food chain store that closed, I decided that working for a full-service drugstore might be better for me. Since I had always been very involved in the communities where my businesses operated, I was looking for a company that was active in its communities." Since CVS was just entering the Chicago market and the company was growing, Welenc decided to apply for a job as a pharmacist in a store close to his home.

"The way I looked at it, I'd worked in a lot of nice suburban settings and felt that those folks really didn't need me. My community needed me. In the urban setting, pharmacists do more than just count pills and hand out prescriptions," Welenc explains. "We have a lot of seniors and a lot of large families who can't afford health care. So we're very proactive in talking to their doctors and encouraging them to prescribe more affordable medications."

In 2003, Welenc was hired by CVS and, within two years, he was promoted to pharmacy manager at a Chicago store whose customer bases are about 70 percent Hispanic and 30 percent African-American. Currently, Welenc is trying to learn Spanish to better serve his customers, and many of his pharmacy technicians are bilingual.

"CVS realizes these young people are its future. The company is interested in more than just filling prescriptions and being a drugstore; it is trying to be a positive force in the communities in which its stores are located," Welenc believes. "I'm 73 years old, and my boss is in her 30s. No one asks me when I plan to retire. I believe that CVS values employees—older and younger—and the perspectives that they bring."

Diversity and Inclusion at CVS
"Mirroring the Communities in Which We Live and Work"

Priscilla Eskridge, director of Diversity, David Casey, vice president and Chief Diversity Officer, and the four employees on their team are responsible for building the overall diversity strategy at CVS, which is housed within the HR department. Eskridge believes that every department and function should be responsible for the company's diversity initiatives, but she also recognizes that her role is to ensure that her team partners with the different functions to achieve the company's diversity goals.

"At CVS, we serve diverse communities. Therefore, we need to maintain the right product mix while understanding the various cultures of the communities in which we operate," explains Eskridge. "For example, we know that women are responsible for 80 percent of sales in our retail stores. We have also segmented this demographic group into age groups to understand better the purchasing preferences generationally. Having this information is critical in our ability to remain relevant and meaningful to the customers we serve."

Eskridge and her team partner with:

- Marketing: to develop multicultural marketing campaigns
- Merchandising: to ensure the company carries the right product mix in stores, which meet the needs of varying communities
- Strategic Procurement: which oversees the company's supplier diversity program
- Corporate Community Relations: whose philanthropic branding is targeted toward children with disabilities

Also, two recently hired team members have an external focus on community outreach to diverse communities. These team members collaborate closely with Workforce Initiatives and Multicultural Marketing to accomplish this work.

In 2001, CVS formed a Corporate Diversity Council composed of leaders representing departments such as Supply Chain, Marketing, Finance, Legal, Store Operations, and Human Resources. Since then, the council has launched and developed:

- diversity education programs for all leaders who manage others;
- diversity market research through colleague and customer feedback; and
- the inclusion of diversity metrics within performance goals of all employees positioned in middle management and above.

The company also sponsors 14+ Colleague Resource Groups within its major retail and Pharmacy Business Management markets, along with four groups at corporate headquarters, representing women; African-Americans; Latinos; Asians; mature workers; and gay, lesbian, bisexual, and transgendered (LGBT) colleagues. These groups create annual business plans that focus on career development, mentoring, and community outreach.

"At the end of the day, we see ourselves as one team, whose members have different specialties. As we shape the culture within CVS Caremark, we seek synergies for shared work to determine how we can best support and engage one another," Eskridge concludes.

Measuring "Success": Focusing on Organizational Health

Achieving recruitment and retention goals is instrumental to CVS's success. According to the company, 19 percent of the current workforce is more than 50 years old (up from 7 percent in the 1990s) and eight employees are age 90 or older. Four employees have 60 years or more service to the company. The snowbirds program has had more than 1,000 participants to date. Since the Pathways to Pharmacy program was created, it has expanded to nearly 40 cities and it continues to serve an estimated 1,800 high school students per year. In 2010, CVS Caremark reached its goal of introducing one million students to pharmacy careers through the partnership with America's Promise Alliance. The paid summer internship component of the program is expected to generate up to $4 million in wages by the end of 2010. Many part-time high school and college students are working in the CVS/pharmacy stores alongside mature workers. The company has received feedback that younger employees are generally respectful of mature workers and frequently seek them out for advice. In many cases, younger workers are also mentoring older workers.

Priscilla Eskridge, director of Diversity, explains, "Steve Wing [director of Workforce Initiatives] and I don't have a formal system for working together— in part, because our teams naturally work together. If we're working on initiatives that we feel might clearly touch both Workforce Initiatives and Diversity, we will share this information via e-mail and invite one another to various events. More recently, Steve and I have been scheduling 'touch base' calls every two to three weeks to share current initiatives and to keep the dialogue flowing."

Wing adds, "Priscilla and I have known each other for a long time; we've got a good relationship. We're both passionate about different groups of people, and we're able to find opportunities for people who may not have been able to find them otherwise. We have a natural process of working together."

Different Strategies, Same Goal

While the two companies profiled in this report have each developed strategies to engage a diverse employee base, their respective approaches to employee engagement are decidedly different.

At Cisco, "employee engagement" is a distinct and strategic function that is led by a vice president, governed by the Workforce of the Future Board, and concretized through a five-pillar framework; at CVS, "employee engagement" is an objective to which various functional units strive. Yet the ways in which employee engagement is structured are tailored to fit each company's corporate culture. A systematic approach allows Cisco to collect the data that is critical to understanding how employee engagement impacts its data- and technology-driven culture.

A flexible and less structured approach to employee engagement allows CVS to adapt and respond quickly to changes in the employee base, which is predominantly housed within its growing retail business. Each company considers organizational health, job design, and managerial quality to be important to employee engagement, though the ways in which each of these three sets of "catalysts" are addressed is different.

Organizational Health (i.e., shared values, employee-focused policies, customer-focused culture)

Improving organizational health is of primary concern for Cisco's 12 ERGs, whose role is to support the company's recruiting efforts, connect Cisco with the business segments that represent different demographic groups, and help the company develop employees and build employee networks. The internal communications team and advisory board that manages the "We Are Cisco" intranet site is concerned with organizational health, but is primarily focused on illustrating the values shared by employees around the world.

At CVS, several programs and initiatives are focused on improving organizational health. Specifically, the company's "snowbirds" program is an employee-focused policy that seeks to retain mature workers specifically.

The Pathways to Pharmacy and Senior Pharmacist Legacy Mentoring programs and the welfare-to-work and mature workers initiatives reflect CVS's commitment to mirroring the communities in which the company operates while at the same time sharing its community values with its larger employee base.

Job Design (i.e., clearly defined roles, variety and challenge, line-of-sight impact)

Cisco's ERGs also reflect the company's interest in giving all employees the opportunity to design their jobs. Employees are encouraged to participate in and pursue volunteer leadership positions in the ERGs, which may offer employees the variety, challenge, and line-of-sight impact they seek.

CVS's Pathways to Pharmacy and Senior Pharmacist Legacy Mentoring programs also reflect the company's willingness to allow employees to design their jobs in ways that provide them the variety and challenge they are looking for (i.e., by preparing inner-city and rural high school students for careers in pharmacy).

Managerial Quality (i.e., personal and professional relationship with manager, manager adaptability, and recognition)

While its approach is still evolving, Cisco recognizes that managerial quality is a driver of employee engagement for its employees. Specifically, Cisco has created a manager index in its Pulse survey that allows it to publish the bottom 20 percent and the top 20 percent of managers and address ways to engage the top 20 percent of managers in coaching the bottom 20 percent.

The Pathways to Pharmacy program at CVS has also been instrumental in addressing managerial quality as a driver of employee engagement. Jerry Welenc, pharmacy manager at a Chicago CVS store, is one participant who has been successful in developing relationships with the students he has mentored long after they have completed the program.

Improving Engagement while Creating Tangible Value

This comparative case study analysis on leading companies' employee engagement strategies reveals that leveraging the skills and talents of employees from different demographic groups can not only improve their engagement, but it can also create tangible value for businesses. By focusing on internal community-building, Cisco has created opportunities for employees and the different demographic groups they represent to generate new business. CVS's focus on building bridges between its employee communities and the external communities in which it operates has not only strengthened its talent pipeline, but also its ability to serve customers in different markets.

While both companies include a multigenerational lens as a part of their approach to employee engagement, each recognizes a critical need to avoid simplifying the demographic breakdown of its employee bases to an age/generation-only categorization. Instead, each company recognizes that employees may self-identity in a number of different ways and, as such, makes a substantial effort in approaching employee engagement from a number of demographic angles, including nationality, gender, and race/ethnicity.

Leaders at Cisco and CVS recognize that, to establish employee engagement and the employee experience as a priority in their cultures, they had to start by working with—not against—the existing company culture.

While each company has made progress, they are both still in the process of undergoing a culture change. To this end, there are four key lessons that can be learned from Cisco and CVS:

1. **Change takes time** An employee engagement strategy should be aspirational, but it should also focus on "small wins" in the short-term.

2. **Capture the "voice" of the employee** Focus groups are a good method for understanding whether your employee engagement strategy actually addresses what is important to your employees.

3. **Focus on "community"** Communities are both internal and external to your company. First, develop practices that focus building community internally, then emphasize how these communities can help your company engage the greater community (e.g., potential employees and customers).

4. **Measure "success"** Regardless of whether success to your company means (1) the extent to which engagement scores have improved, (2) the positive change in employees recruited, trained, and retained, or (3) the impact that engagement initiatives have on your company's performance, always remember, "What gets measured, gets done."

About the Author

Stephanie J. Creary is a Ph.D. candidate at Boston College's Carroll School of Management. Her publications for The Conference Board include: *Leadership, Governance, and Accountability: A Pathway to a Diverse and Inclusive Organization; Mission Accomplished? What Every Leader Should Know About Survivor Syndrome; The Impact of Workforce Reductions on Layoff "Survivors";* and *Diversity and Inclusion: Global Opportunities and Challenges.* Creary has served as a research associate at The Conference Board and at Harvard Business School. She earned an MBA with high honors from Simmons College School of Management and holds a BS and MS from Boston University.

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