

Elevating Today's Workforce to Meet Tomorrow's Challenges:

A CASE STUDY

By Donald Fan

The world is changing at an accelerated pace because of technology disruption and digital transformation. The future has arrived, driven by macro-trends like digitization, automation, AI, machine learning, an internet of things, and interconnectivity. The magnitude of the shift is significant for corporate America. But surprisingly little empirical evidence has captured either the magnitude of digital and technology disruption to our workforce and how work gets done or how we should react on a broad scale. We know we have a challenge, but we have little guidance regarding the right course of action. I have written this case study to share some examples of how we might prepare for tomorrow's challenge related to business, talent, and work. I offer it as food for thought and a starting point for further discussion, rather than a solution.

1. Readiness as a Future Enterprise

Technology is transforming the landscape of corporate America. The average lifespan of an S&P

SUMMARY

THE CHALLENGE: Technology and automation are redefining the enterprise, the workforce, and how work gets done. How can corporate America prepare for and respond to these unprecedented shifts, and ensure women and people of color are not falling behind?

THE APPROACH: The challenge requires corporate America to embrace a growth mindset and cultivate an inclusive and learning culture; offer an ecosystem with upskilling and reskilling opportunities, and resources for next generation talent; and leverage digitization and automation to maximize the full potential of an innovative workforce.

THE IMPACT: Digital transformation mandates lifelong learning as a strategic and growth imperative for corporate America.

500 company is now less than 20 years—down from 60 years in the 1950s, according to Credit Suisse.

For business to thrive in the digital era, we must disrupt ourselves and replace our current business model with a new ecosystem. We must cultivate an inclusive culture that embraces

innovative thinking and acts with agility and connectivity.

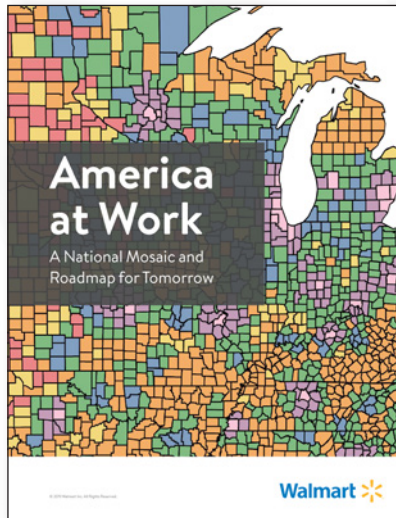
Winning today requires going beyond outperforming our competition. It requires winning in the marketplace, community, and society. Business exists to serve society because, in the long run, the interests of business and society converge. By striving to

advance three bottom lines (people, planet, profit), companies can collaborate with their stakeholders to reshape global systems and tackle the complex challenges before us.

Faced with challenges driven by automation, Walmart partnered with McKinsey & Company, and other stakeholders, to initiate a study entitled *America at Work: A National Mosaic and Roadmap for Tomorrow*. The recently released report explores the impact of automation on future work and recommends ways in which communities might respond, based on the belief that business success depends on a sustainable workforce, strong local talent development, and thriving communities with a solid customer base.

Key insights from the research include:

- The future of work is not a dichotomy of urban versus rural or the coasts versus the American heartland.
- Almost 190 million people (about 60 percent of the U.S. population) live outside the metropolitan areas, which have the greatest capacity to respond to increasing automation.
- Automation means that jobs will get done differently, not that jobs will disappear.
- Six principal responses to automation include:
 - o reskilling and upskilling;
 - o boosting mobility in the labor market;



- o building and maintaining infrastructure;
- o creating new jobs;
- o modernizing the social safety net; and
- o strengthening education.
- Responding effectively to automation will require community-level collaboration by multiple stakeholder groups.

Walmart and the Walmart Foundation have also invested in NGOs and community organizations to support programs that accelerate cross-sector upskilling efforts for incumbent retail workers across the United States.

2. Readiness as a Future Workforce

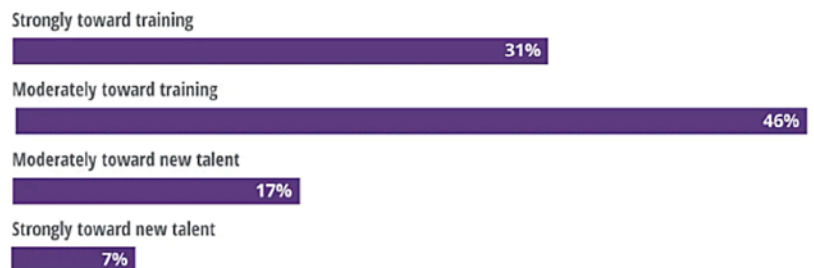
Gone are the days when you work for 40 years at one job and retire with a good pension. Now, the average time in a single job is 4.2 years, according to the U.S. Bureau of Labor Statistics. What's more, 35 percent of the skills a worker needs will have changed by 2020, regardless of industry. Employees can no longer master a single skill set and expect to skate by for the rest of their careers. Success in today's business world calls for a continuous approach to learning.

To build a winning workforce, we must assess, curate, and engage an innovative workforce. Incubating a diverse and inclusive workforce is even more crucial for tomorrow's business success.

Companies have historically focused on external acquisition to find talent for new roles, but with the current growing skill shortage and low unemployment rates, we know that acquisition alone is not enough to access the capabilities we need. When employers were asked, in a recent Deloitte survey, how they would prefer to deal

More respondents lean toward training than toward hiring

Given the choice between accessing new talent and training existing employees, where are you leaning?



Source: Deloitte Global Human Capital Trends survey, 2019.

with issues of job redesign, more leaned toward training than toward hiring to obtain the talent they need.

Some companies are reskilling their workforces as a value unlock. AT&T has invested \$1 billion in retraining nearly half its workforce for jobs of the future. SAP involved one-third of the employees in a major business unit in reskilling activities that included individual six-to eight-month learning journeys, and instituted workforce planning.

By providing the platform and resources to build learning agility, Walmart launched the Live Better U, bringing a suite of education benefits together to make it easier for all employees to learn about and access options designed to help them unlock their futures. The initiative includes Walmart's \$1 a Day College Program and tuition-free high school diploma or GED completion, as well as tuition discounts on advanced degrees, foreign language learning, and much more. Part of the Walmart Academy development program, Live Better U also allows employees to earn college credit for training they receive on the job.

Hundreds of thousands of Walmart employees have already undergone skills training equivalent to more than \$317 million in college credits. In 2018, 500,000 field employees enrolled in 200 Walmart Academies to improve their skill sets and competencies, 62 percent of whom were female and 36 percent over the age of 45. Academy graduates are equipped with the knowledge, skills, and abilities they need to succeed in the competitive retail landscape

of the future. The initiative successfully introduced virtual reality (VR) technology to enhance and improve the learning experience. Walmart is currently providing 17,000 VR devices to U.S. stores, which will enhance the training of 1.4 million employees.

Pathways, another Walmart training program, serves entry-level frontline employees. Every new employee enters the program within six months of hire and learns essential customer-service, merchandising, teamwork, and communications skills. To date, Walmart has trained more than 400,000 employees using the Pathways program.

In the past couple of years, Walmart has invested \$2.7 billion to ensure the readiness of its future U.S. workforce.

3. Readiness as Future Ways of Working

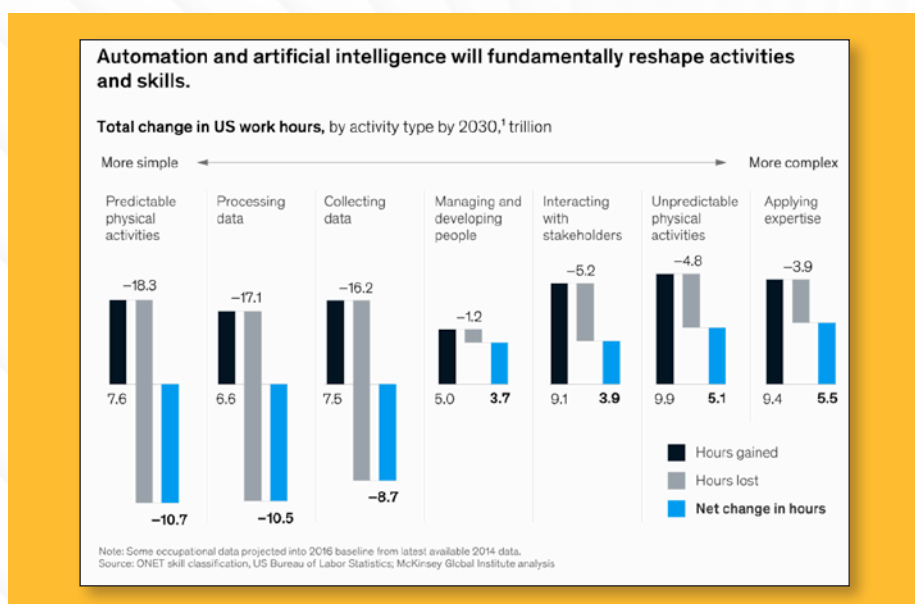
The nature of work is changing quickly. According to a report from the World Economic Forum, the development of robots and automation in the workplace could

create 58 million new jobs in the next five years.

According to McKinsey & Company, as the demand for physical and manual skills declines, the need for technological skills, as well as social and emotional ones, will rise quickly in every sector.

A future enterprise must quickly change how it approaches work if it is to maximize workforce potential. To gain the advantage over its competitors, a company must employ cognitive and digital automation, as well as learning, unlearning, relearning, and applying knowledge.

Walmart is positioning itself to become a digital company in the future. The company was the third-largest investor in technology worldwide in 2018, recording 1,500 patents in the past few years and adding 1,700 IT professionals to its technology team in 2018 (another 2,000 IT professionals will be added in 2019). The company has also joined the CTA Apprenticeship Coalition, created by IBM and the Consumer Technology Association (CTA)TM, to



help its employees train for new IT jobs. With training conducted on the job, apprentices don't have to invest as much money up front to learn the necessary skills.

Walmart is recognized as a pioneer in the application of technology and automation to elevate business. Robots, currently operating in hundreds of its stores, include Auto-C, a floor polisher and cleaner that only needs minimal help from humans in the form of prep work; Auto S, a robot that scans store shelves to make sure items are in the right place and have been priced correctly; FAST Unloaders, auto-unloaders that work in conjunction with Auto S to scan and sort inventory, so that what is needed most can be moved from truck to backroom to shelf in the fastest way possible; and Pickup Tower: an auto-vending machine that enables in-store customers to pick up their previously placed online orders in under a minute.

The use of robotics frees employees from mundane and repetitive tasks, allows them to better serve customers on the sales floor, and gives them more time to learn and apply new knowledge and skills.

The Walmart research mentioned earlier states that increasing automation means that jobs will get done differently, not that jobs will disappear. By raising employee readiness for different roles, Walmart is well positioned to create new jobs. In 2018, for example, the company created 30,000 new grocery delivery and pickup service jobs.

Neuroscience indicates that scenario-based learning can effectively teach hard and soft skills, and develop situational awareness, using cognitive (prefrontal cortex), emotional (amygdala and other limbic), and behavioral (basal ganglia) methods. Coupled with the application of various VR modules, Walmart adopted gamification to make reskilling and upskilling fun and engaging, while helping employees learn, retain, and apply new knowledge to a variety of in-store roles. One of the games was developed to train dry goods department managers. So far, it has been downloaded more than 100,000 times. The game puts the player in charge of the dry goods department in a Walmart store. The player faces a variety of challenges that a department manager might deal with daily. As a player successfully overcomes each challenge, he or she advances to the next level.

Conclusion

To conclude, I'd like to share the following call to action issued by the World Economic Forum's Preparing for the Future of Work project:

- Foster a culture of lifelong learning in your company/industry
 - o Encourage a lifelong learning mindset among all employees through the right incentive structure, leadership example, and communication strategy
 - o Build tailored training and upskilling programs relevant to jobs in your company and the industry more broadly, and make them

widely available to all employees

- o Define certifications for key skills that enhance talent mobility
- Facilitate job transition pathways with targeted reskilling programs
 - o Create strategic workforce planning and skill-mapping to identify gaps and opportunities
 - o Clearly communicate the benefits of reskilling, and create a sense of urgency for employee action
 - o Develop reskilling programs to enable job transitions from declining jobs to relevant growing jobs, and from current relevant jobs to emerging jobs requiring scarce skill sets

To thrive in the digital era, we must proactively prepare for and invest in the future by embracing change, adaptation, and innovation. By reconfiguring business models, redefining jobs and work, retraining the workforce, and creating an inclusive and learning culture where employees and technology work together to achieve goals, we can get ahead of the game. Thus, we can turn a challenge into a promising opportunity, in terms of higher productivity, rising wages, and increased prosperity. **PDJ**



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