WORKFORCE WINS:
THE CASE FOR OPPORTUNITY
YOUTH TALENT PIPELINES

GRADS of LIFE
accenture
FOREWORD

This white paper is a companion piece to a recently released report that Grads of Life and Accenture collaborated on with Harvard Business School’s (HBS) Managing the Future of Work Project, Dismissed by Degrees: How degree inflation is undermining American competitiveness and hurting America’s middle class. We are grateful to the HBS research team for their help in compiling this information.
INTRODUCTION

In today’s changing labor market, employers across the country are having an increasingly difficult time finding the talent that they need. Manpower Group’s U.S. Talent Shortage survey found that 46% of employers are having difficulty filling jobs.¹ The unemployment rate reached 4.1 percent in December 2017, the lowest point in more than a decade.² Under these conditions, forward-thinking companies have recognized that requiring a four-year degree for entry level roles may have unintended economic consequences and are creating innovative solutions to broaden their talent pipelines to meet their workforce needs.

The subject of degree inflation—defined as “the practice of seeking a candidate with a four-year college degree for a position currently held by someone with a high school diploma or an associate’s degree”³—and a discussion of its prevalence, employer attitudes towards the phenomenon and associated hidden costs is explored in detail in Dismissed by Degrees: How degree inflation is undermining American competitiveness and hurting America’s middle class. The bottom line impact of degree inflation is that employers pay more for four-year college graduates, on average 11-30% more, while reporting higher turnover and lower employee engagement among those with a bachelor’s degree. Ironically, employers also report no meaningful differences in productivity between those with and without a four-year degree.

Not only is degree inflation bad for business, but it is also particularly harmful for Opportunity Youth—young adults aged 16-24 who are not in school and out of work. These young adults may lack access to professional networks and higher education, but they are a population that can be a valuable source of untapped talent for employers. In this report, Grads of Life and Accenture have partnered to explore the strategy of combatting degree inflation through the creation of programs to hire and retain Opportunity Youth, thereby creating robust new talent pipelines.

In contrast to the higher costs that come with degree inflation, building talent pipelines for Opportunity Youth has proven to have significant business benefits for employers. In addition to having a positive impact on the lives of individual workers, innovative companies who are leaders in this work have observed improvements across the employee lifecycle including in recruiting efficiency; onboarding and training; employee retention; diversity; subsidized labor costs; and goodwill and community benefits. Below we profile numerous innovative companies that have found that by adopting new strategies to expand their talent pipeline to include Opportunity Youth, they can simultaneously do good and do well, saving money, expanding access to opportunity and strengthening the communities in which they operate.
INCREASED RECRUITING EFFICIENCY

With heavy competition for talent in the labor pool, many companies struggle to fill their open roles in a timely manner, particularly when these roles need to be filled in large numbers. According to the Society for Human Resources Management, the average time to fill open roles (from publication of an open role to acceptance of an offer) is 42 days. This number has steadily increased over the past several years due to the growing number of available jobs in the economy, longer candidate screening procedures, and the inability of employers to find candidates with the necessary skills. As the time and number of interviews required grows, cost per hire increases and productivity can decline, threatening a company’s ability to meet its organizational goals. Time to fill can also be exacerbated by requesting college credentials in roles where sub-baccalaureate qualifications could have sufficed. Based on our research, hiring times can be extended between 5-10 business days when employers rely on a bachelor’s degree in roles that are typically filled by middle skilled talent. Effective talent strategies, like succession planning and establishing pipeline partnerships can help employers reduce or entirely bypass costs like finders fees in the recruitment process. Opportunity Youth talent pipelines are a solution that can help companies reduce time to hire and interview-to-hire ratios, especially when employers are looking to hire at scale, by providing access to a sizable pre-screened pool of candidates.

WHO WE ARE

Grads of Life is a national talent pipeline development initiative for employers that catalyzes market demand for Opportunity Youth—young adults aged 16-24 who are out of school and out of work—by transforming employer perceptions and hiring practices. Grads of Life provides employers with the tools and resources they need to develop their own Opportunity Youth talent pipelines.

For Accenture, this report aligns with the company’s long-standing commitment to skills and employment research, talent development for clients around the world, and its Skills to Succeed corporate citizenship initiative. Through Skills to Succeed, Accenture aims to equip three million people globally by the end of fiscal year 2020 with the skills to get a job or build a business.
SK Food Group is an American food service and manufacturing company that took concrete steps to integrate Opportunity Youth into its recruitment strategy, with impressive results. In July 2014, the company launched a partnership with LeadersUp, a 501(c)(3) talent development intermediary that works to connect young adults with career opportunities, and businesses with job candidates. To begin the collaboration, members of SK Food Group’s Human Resources team met with LeadersUp to provide a clear picture of the company’s talent needs at its newest facility outside of Columbus, Ohio.

With this information, LeadersUp connected with local workforce training providers in the region and worked with them to develop a talent pipeline to fill entry-level production and warehouse operations roles in the company. In the first year of the partnership, SK Food Group made nearly 100 hires through the partnership with LeadersUp, and the company’s interview-to-hire ratio of LeadersUp applicants was much less than the industry standard – 2:1 compared to 18:1. Through this innovative program, SK Food Group greatly increased the efficiency of its recruiting pipeline.

OVER 60% OF SURVEY RESPONDENTS REPORTED DIFFICULTY FILLING MIDDLE SKILLS JOBS LIKE CUSTOMER SERVICE AGENTS, OFFICE ASSISTANTS AND RETAIL SUPERVISORS.

STREAMLINED ONBOARDING & TRAINING

Besides just finding and recruiting talented individuals to join their workforce, companies must invest resources into the training and onboarding of new hires to get them prepared to perform optimally in the work environment. New employees often experience a learning curve or ramp-up period as they orient to a company’s culture and the tasks associated with an unfamiliar job. A strong training process is especially important when companies are recruiting entry level workers who may have limited experience in the professional world. A common assumption is that workers without a degree may require more training than their counterparts with degrees, however our recent survey of 600 business and human resource leaders revealed that, in practice, employers expect similar levels of onboarding support and upfront training for all middle skills employees, including opportunity youth without a college degree.

State Street Corporation, a global financial services firm based in Boston, Massachusetts, has used cross-sector partnerships to build a valuable talent pipeline of pre-trained candidates. In 2001, the company began collaborating with Year Up, a nonprofit that provides job training to low-income young adults, at first taking three to four interns per year onto their IT team in Boston. This partnership expanded dramatically after Year Up created a Financial Operations training track with input from State Street managers regarding the skills required for their entry-level fund accountant roles. In the past 16 years, the company has hosted more than 800 Year Up interns and hired over 500 graduates from the program.

LOST PRODUCTIVITY RESULTING FROM THE LEARNING CURVE FOR NEW HIRES AND TRANSFERS WAS BETWEEN 1% AND 2.5% OF TOTAL REVENUES.


APPROXIMATELY $1,200 IS SPENT ON TRAINING PER EMPLOYEE.

Source: “Costs of Training New Employees,” ADP. 2016..
According to Richard Curtis, vice president, Workforce Development, State Street used to primarily focus on recruiting talent from four-year colleges or universities. However, they realized there was a need to adjust this strategy to diversify their talent pipeline, and their successful partnership with Year Up helped support this decision. State Street recognizes that a four-year degree is not a sole indicator of readiness or fit for their entry-level roles, since their company systems and practices are not taught in any college or university. “Year Up graduates found they had an advantage because they had been with State Street for six months,” says Curtis. “Through their internships, they had the opportunity to learn the culture and develop a network of support.” The advantages of hiring graduates of the program were so substantial that, in the spring of 2017, State Street worked with Year Up to launch a job training center on-site at its office in Quincy, Massachusetts. Now students going through the year-long program are immersed in State Street’s culture from day one and receive training that is even more specific to company roles.

IMPROVED EMPLOYEE RETENTION

The estimated cost of employee turnover varies depending on the methodology of the study examining it, but one thing is clear—it is likely much larger than companies expect. The “total” cost of employee attrition includes the cost of finding and hiring a new person, the cost of onboarding, ramp time to peak productivity, and decreases in others’ engagement due to turnover. Given this substantial investment of time and money, it’s easy to see how companies that are proactively making efforts to improve employee retention save substantially in the long run.

Gap Inc. is well-known for their retail brands, and in the past ten years has become known for its innovative approach to talent as well. In 2007, the company created This Way Ahead, a paid store internship program to help young people gain the skills and experience they need to be successful in their first jobs. In the past 10 years, more than 3,800 teens and young adults have participated in the program, and Gap expects that number to hit 10,000 by 2020.

This Way Ahead is a collaboration between three of Gap Inc.’s brands—Old Navy, Gap and Banana Republic—and local nonprofit partners. The nonprofit partners recruit young adults and teach them professional skills, while volunteers from Gap Inc. supplement this training with career panels, workshops and other activities. After the program, all participants have an opportunity to apply for a paid internship at one of the company’s stores where they can put their learning into practice.
Old Navy, Gap and Banana Republic have experienced benefits across a few areas, perhaps most notably in retention, which they have been able to track by assigning This Way Ahead participants a unique identifier in their HR systems. Program graduates hired into jobs, 98% of whom are young people of color, stay with the company twice as long as their peers. The clear success of the initiative led Gap Inc. to commit to hiring five percent of all new entry-level store employees from This Way Ahead by 2025.

Other companies have also observed that Opportunity Youth hired through inclusive talent pipeline programs stay longer than employees that come through traditional recruiting channels. In addition to company case studies, our hiring and talent management survey confirmed that employers expect higher retention from their middle skills employees without degrees, including Opportunity Youth, than recent graduates. In 2008, Expeditors, a Seattle-based logistics company that provides a suite of supply chain, transportation, customs brokerage, and warehousing services, created Opportunity Knocks, a 6-month paid internship program for young adults ages 16-24. The one-year turnover rate of Opportunity Knocks graduates is five times lower than the turnover rate of the average new hire and 90 percent of individuals hired long-term through Opportunity Knocks in Los Angeles were still employed at the company after 2 years.

In addition to enjoying more favorable retention rates among Opportunity Youth candidates, companies who invest in broader talent pipelines can also see boosts to employee engagement and satisfaction in their overall workforce. For example, Hasbro’s Transforming Talent initiative, which sourced and trained Opportunity Youth candidates for entry-level sales and marketing roles, engaged over 100 employees as teachers, tutors, volunteers, mentors, and guest speakers. Not only did the widespread involvement of Hasbro staff enhance the learning environment for Opportunity Youth; Hasbro also reported increased satisfaction and higher productivity among the employees who had been engaged with the program.
INCREASED DIVERSITY

Today’s companies have many reasons to invest in diversifying their workforce. Research has shown that diverse companies outperform their less diverse competitors for many reasons. Diverse leadership can help a company gain access to a broader range of talent sources and win over job candidates they are courting. Two-thirds of individuals polled in a Glassdoor survey said that they consider a diverse workforce to be an important factor when they are evaluating companies and job offers. Additionally, companies that commit to greater workforce diversity are better equipped to innovate and solve complex, real-world business problems. According to research conducted by the Center for Talent Innovation and Hewlett Consulting Partners, multiple layers of diversity in the workplace help create an environment in which unconventional ideas are heard and leadership can be persuaded to invest in developing those ideas. Lastly, diversity in the workplace has been found to boost employee engagement, especially among younger workers. Research has shown that millennials are much more likely than previous generations to consider diversity and inclusion a significant factor when considering a new job (47% vs 33% and 37%, respectively).

A 2015 STUDY BY MCKINSEY & COMPANY SHOWED THAT COMPANIES IN THE TOP QUARTILE FOR RACIAL DIVERSITY IN THEIR LEADERSHIP TEAMS WERE 35% MORE LIKELY TO HAVE PROFITABILITY GREATER THAN THE MEDIAN IN THEIR INDUSTRY.

COMPANIES REPORTING THE HIGHEST LEVELS OF RACIAL DIVERSITY BROUGHT IN NEARLY 15 TIMES MORE SALES REVENUE ON AVERAGE THAN THOSE WITH THE LOWEST LEVELS OF RACIAL DIVERSITY.


Thrive Impact Sourcing, a Cincinnati-based company that provides software quality assurance and data quality services to clients, has built an effective partnership to meet its talent needs while increasing the diversity of its workforce. In April 2016, Thrive began collaborating with Per Scholas, a national nonprofit that provides free IT training to individuals from underserved populations. The two organizations worked together to create an 8-week training program to prepare individuals from the Greater Cincinnati region for open positions as quality assurance software testers. This course helps participants acquire industry-leading testing skills and allows them to apply their newfound knowledge in real-life projects with working professionals. To date, Thrive has hired 37 Per Scholas graduates, more than 80 percent of the individuals that completed the program. This initiative aligns closely with Thrive’s commitment to increase diversity in the tech sector, as more than 65 percent of the individuals hired are people of color, and over 40 percent are women.

Kelly Dolan, Co-founder of Thrive, clearly articulates why diversity matters to the company: “As an IT talent incubator,” she says, “Thrive is invested in bringing a diverse pipeline of new talent to the local market. Our success has been built by bringing people of various backgrounds, education and life experiences together to inspire new ideas and build a culture of respect, loyalty and perseverance. All are crucial characteristics to build a sustainable pipeline of talent who are creative, innovative, and not afraid to fail.”

SUBSIDIZED LABOR COSTS THROUGH GOVERNMENT INCENTIVES

Employers that create innovative programs to access new sources of talent and train new workers may be eligible for government incentives to support their work. With increased attention from policy-makers, including the current Administration’s recent executive order to expand registered apprenticeships and job training programs, government funds for working with Opportunity Youth may soon become more accessible to companies. Even without a substantial change to federal workforce policy, there are already numerous government resources that companies can tap into to subsidize their talent acquisition and retention practices. CVS Health is an example of a company that has long worked to partner with local, state, and national organizations to enhance their recruitment strategy through training programs that target underserved populations. After the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, known colloquially as “welfare-to-work”, CVS committed to building pathways into the company for individuals with substantial barriers to employment. In the more than twenty years since, the company has helped transition 100,000 people off public assistance and used a $1.7M grant from the U.S. Department
of Labor to develop a registered apprenticeship program that has served over 4,600 people, of which approximately 36% of are young adults. According to Ernie Dupont, Senior Director of Workforce Initiatives, “CVS has tapped into federal tax credits where appropriate and reinvests those dollars back into programs so they become self-perpetuating.”

CVS Health’s longstanding experience with job candidates from diverse backgrounds has influenced the company’s culture and broadened the way that leaders think about talent. As Dupont elaborates, “Over time we have toyed with the idea of requiring B.A. for management positions. Frankly, we think it closes down a stream of potential candidates that are well-qualified. We need all the talent we can get our hands on to bring into the organization, and that comes from all different avenues.”

Business leaders have long expressed an interest in understanding the impact of community engagement programs on a company’s bottom line. For this reason, numerous organizations have conducted research to explore whether companies truly can do well by doing good. Project ROI, a 2015 study by IO Sustainability and Babson College which analyzed over 300 existing studies on the topic, found that Corporate Responsibility (CR) programs have great potential to deliver financial returns on investment and related business benefits when implemented well. The areas where community engagement programs were found to deliver positive business impact included the following: share price and market value, sales, reputation and brand, and human resources.

Specifically, CR initiatives of the companies analyzed had the potential to increase market value by up to 4-6 percent, boost revenue by up to 20 percent, and affect variations in customer satisfaction by 10%

CORPORATE RESPONSIBILITY INITIATIVES CAN INCREASE PRODUCTIVITY BY UP TO 13% AND EMPLOYEE ENGAGEMENT BY UP TO 7.5%.

Source: Babson, Project ROI 2015.
percent or more.\textsuperscript{26} The research also indicated that job satisfaction and retention rates increase when workers believe that their employer is committed to serving the community.

Ochsner Health System is an employer that has created a talent pipeline initiative to meet its substantial hiring needs and amplify the impact it has in the community. With more than 60 health centers, 17,000 employees, and over 2,500 affiliated physicians, Ochsner is one of the largest independent academic health systems in the United States and Louisiana’s largest employer. Recognizing the close connection between economic prosperity and access to healthy lifestyles, Ochsner has developed flexible workforce training programs designed to expand opportunities for unemployed and underemployed individuals locally.

Ochsner’s inaugural talent pipeline program, MA NOW, is an intensive 16-week training program that prepares candidates to fill medical assistant (MA) roles, which are entry-level positions in the hospital network that do not require a college degree. Its origins date back to 2012, when Ochsner received a grant from the Greater New Orleans Foundation to pilot a program in partnership with Delgado Community College to serve 20 unemployed individuals and 30 existing MAs. Since then, MA NOW has expanded to include other community partners that help source the incoming cohort. Nearly one of every five Ochsner’s MAs comes through the MA NOW program.

The success of MA NOW has led Ochsner to be recognized as one of four 2017 Frontline Healthcare Worker Champions by CareerSTAT, an initiative of the National Fund for Workforce Solutions.\textsuperscript{27} Not only has the MA NOW program broadened the way that Ochsner leaders think about their means of achieving their mission to “Serve, Heal, Lead, Educate and Innovate” in the community, but it has changed how the community perceives Ochsner. As Missy Sparks, Assistant Vice President of Talent Management articulates, “Engagement in this work has changed the DNA of the company, made them a better corporate citizen, better employer, and changed both the employee and patient experience. Patients and community members now see Ochsner as a hospital system that has a role in saving and changing lives, not just at the bedside, but in the communities that are in the shadows of their facilities.”\textsuperscript{28}

Besides improving the economic prospects of the individuals involved, Opportunity Youth talent pipelines can be an innovative solution to talent challenges while opening doors to future employment and economic opportunities, especially in such demand-led skills found in IT.

Accenture Federal Services has launched an innovative public-private partnership with the City of San Antonio and Bexar County, Texas, targeting the Eastside Promise Zone in San Antonio, that will provide up to 50 paid apprenticeships by end of 2017 as a pilot for students and adults from the Eastside
Education and Training Center, Sam Houston High School, and St. Philips College. Accenture’s objective with the apprenticeship – which is part of the company’s ongoing effort to support the growth and development of the technology workforce of the future – is to expand it into a comprehensive year-round program in which students and adults can gain hands-on experience to better position themselves for entry-level jobs for careers in the digital economy. Accenture believes that pilot apprenticeship programs, like the one in San Antonio, are part of a broader effort to hire the best talent and better serve clients and the local community.

**CONCLUSION**

Grads of Life and Accenture encourage employers to integrate their corporate social responsibility activities with their talent practices to create innovative solutions that allow them to thrive in a changing labor market. The first step is to identify which middle skills roles at your company are critical and may unnecessarily require a four-year degree. By looking closely at those jobs and determining the specific hard and professional skills needed, you will likely find areas where you can expand your talent pipeline by eliminating the degree requirement. One area where there is plenty of room for examination is the role of first-line supervisors. First-line supervisor roles accounted for 6 out of the 15 occupations most affected by degree inflation. This includes first-line supervisors of office workers, retail workers, production workers, food workers, construction workers, and repair workers. Accounting for more than 1.4 million jobs in 2014, only about 34% of first line supervisors of office workers had a Bachelor’s degree. In contrast, 70% of job postings in 2015 requested a four-year degree when there had been no significant changes in the skills required for the role.\(^{29}\) This is particularly important for Opportunity Youth for whom these roles can provide long term career trajectories and increase their lifetime earning potential.

Once companies have defined their business need, the next step is to develop an internal strategy and gain buy-in from leadership. From there, employers can identify which training providers they would like to partner with to take action. Training providers can come in a wide variety of shapes and sizes from community colleges to workforce development
programs to skills boot camps—there is no one size fits all partnership. Tools such as the Grads of Life Training Provider Directory can help companies identify the partner that is best for them. Working with the training provider, an employer can then design a program that works for their particular needs and subsequently pilot an initial version of the program. Over time, by collecting data on how the young adults who come in through the new talent pipeline perform, a company can begin to articulate the business value of this new strategy and from there decide whether it makes sense to scale the program beyond the initial trial.

There are a variety of tools and resources available to help companies go through the process above. Grads of Life works closely with a handful of companies to identify and analyze their talent pain points and then designs talent solutions to address those challenges, but there are also many resources to help employers do this work on their own.

Regardless of how a company approaches the task, by designing an Opportunity Youth pipeline to meet their business needs and capturing data to measure their impact, companies can demonstrate the business case for thinking differently about talent. We invite employers to take stock of their current talent strategy and join the growing number of innovators who are enjoying double bottom line benefits through more cost-effective talent practices, expanding access to the middle class for Opportunity Youth, and strengthening communities across America.
ENDNOTES

6. Burning Glass Technologies 2015 Time to Fill Analysis by Occupation
ENDNOTES CONT>


25. Ibid.


