How Prudential Financial is tackling the future of work

Prudential Financial vice chairman Rob Falzon discusses the criticality of people to digital growth, how Prudential is preparing its workforce for the future, and partnerships with the education sector.

Automation and digitization are transforming both business strategy and workplaces. The companies and organizations that build their talent engines to meet the changing needs of the future of work will thrive in tomorrow's world. Early movers are already making headway, solidifying their advantage over those who have not yet taken action.

The question of today is, "What works?" Many organizations are experimenting with everything from setting up skills-based talent marketplaces to building large-scale skilling programs to partnering with academic institutions.

Scott Rutherford and Jon Harris of McKinsey recently interviewed Rob Falzon of Prudential Financial. In the videos and the following edited excerpts of their conversation, Rob describes how he views the "future of work challenge" and what Prudential is doing to address it.

McKinsey: "Future of work" is a term that's being used to describe so many different things. How do you define future of work?

Rob Falzon: I find that oftentimes when people think about future of work, they immediately translate that into cost—the cost of people versus machines doing work. My view of it is that if you're focused just on the cost component of it, you're going to lose the race here—you're missing the real opportunity. The real opportunity—the real driver of the future of work—is around customer expectations [in a digitizing world].

One of the observations is that the full digitization of our companies and our economy today is not actually inhibited by technology or by data. We have lots and lots of data. And we have lots of ability to store that data. And we have tons of computing power. The enablement of digitization is actually talent.

So at Prudential, we know our talent is actually at the center of the future of work, as opposed to being marginalized by the future. And for us, the changing customer expectations are driving the urgency, and that's why future of work is such a massive priority. If you start with that mind-set,

it's all about, "How do you take the combination of technology and talent and produce better outcomes for the talent and better outcomes of the company?" I think you need to take people from critical roles—roles that don't necessarily need to be done by humans—and put them into roles that are pivotal roles. The difference between these two types is, critical roles are important to get right—they are defensive and maintain a competitive position—but pivotal is about creating competitive differentiation and enhancing the customer experience.

McKinsey: You mentioned you are doing a number of things around talent. Can you talk more about the training?

Rob Falzon: We're standing up something we call "the Accelerator." And we're marrying it with apprenticeships. And I think both those components are really important.

Our Accelerator is a program that's being defined by going function by function, business by business, and encouraging the leaders of those functions and businesses to look forward three to four years. We don't look any more forward than that, because if you try to look ten years forward, it becomes like boiling the ocean. It's overwhelming. But if you look three to four years forward, just sort of around the corner, what does your function look like? What does your business look like? That definition should then inform what your talent needs to look like. And that informs the skills of that talent. So we've started going through that exercise for every business and every function, and we use that to inform the types of training that we need in the accelerators.

There are multiple Accelerators. One is a series of programs that individuals will go for the broader skills—for example, digital literacy, leadership, and other things that are very transferable, no matter what job you have. Another is very specific and aligned to the roles and skills that we need on a go-forward basis in their areas in order to allow individuals to go from jobs that they have today into skills and jobs that are needed in the future.

Now a critical component of all of this is apprenticeship. Studies have shown that 70 percent of your learning occurs on the job. So there is only so much we're going to accomplish through the formal training programs. Ultimately, people are going to learn by getting on the job—and then hopefully succeeding at those jobs. The challenge we face is that it's often hard to get them into those positions because the hiring manager is looking for the individual who's got all of the right skills today. The apprenticeship model gives employees that opportunity to try something for six months—to see if they can succeed, at a low risk to the hiring manager, so that we can create the learning on the job to complement the things that we're doing within the Accelerator.

McKinsey: One of the things we are finding is companies realizing they can't do this on their own. And we see ecosystems being formed through partnerships to help with either future of work for the company's employee base or for the communities the companies operate in. We're seeing universities working with corporations in new ways—and even partners within the corporate world working together. What ways have you started to partner with others on this?

Rob Falzon: So as I mentioned, we are creating learning modules, and we're creating training experiences. And there are others that have created software or other learning content. We can piggyback off of one another instead of all recreating the wheel ourselves. Everyone has different perspectives and brings different things to the table, so the opportunity to engage other companies within and outside of your own industry [on future of work] can be really enlightening. We've learned that companies can't do it all themselves but should partner. We believe that every institution and individual has a responsibility to make this

a success. So individuals own their careers, but at the same time, companies must help their employees to make transitions. And it's in the company's economic interest to do so. Academic institutions also have a role to play here—and government too. None of these players individually can make this happen by themselves. Rather, it's about coming together to create collective solutions—a concept I call "stackable institutions." One example I would give you is one of the programs we've established in Newark, where we've begun to engage with high school juniors who are math majors in order to create a program for them and provide mentorship to help them successfully get from high school to college. Then they can transition into a Rutgers [the State University of New Jersey] honors program, which is stacked on the high school program, where they've committed that half the slots from that program will go to Newark students. Finally, we have stacked on that by saying, "If you do that, we'll endow a $10 million scholarship fund to help fund kids who might get in but might not have the financial wherewithal to live at the campus and get the full experience—or even to cover the tuition."

We and other companies are now interfacing with that honors college and providing internships—and ultimately jobs. Now that talent base is well trained to come into our workforce with the skills that we're going to need for the future. So it's a way to create a pipeline. Now, again, this is good, but it's also good business. It creates a pipeline of talent for us to satisfy the needs that we have for work of the future.

It will be a challenge, I think, for all companies to meet the needs they're going to have from a talent standpoint, just given the employment situation and the dearth of the skills that we're looking for in the marketplace, unless they do these types of partnerships.

Rob Falzon is vice chairman of Prudential Financial. **Jon Harris** is a senior partner in McKinsey's London office, and **Scott Rutherford** is a senior partner in the Washington, DC, office.