



— THE 2015 INNOVATION REPORT —

Talent IN COLORADO

A STUDY BY
THE COLORADO INNOVATION NETWORK

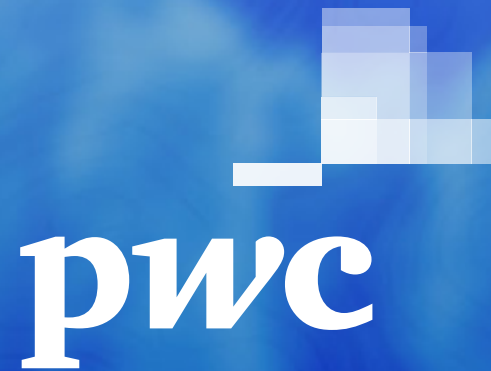


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COLORADO™
innovation network

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DESIGNED BY

Ligature
creative group

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LETTER FROM THE GOVERNOR

The Colorado Innovation Network (COIN) was launched in 2011 as a catalyst for economic prosperity through innovation by partnering with government, business and civil society to foster collaboration around the four pillars of Talent, Ideas, Capital and Entrepreneurship. Each year, COIN publishes a report on Colorado's innovation progress examining data and statistics across these key components of an innovative ecosystem and assessing Colorado's related performance.

This year, the COIN innovation report focuses almost entirely on the pillar of Talent, capturing the perspectives of leaders across our state. We believe that our people can offer the greatest insights into nascent trends, and we are excited to share their insightful viewpoints which collectively paint a promising picture of our workforce of the future.

We are working to further strengthen the business environment of Colorado—recruiting, retaining and growing companies here in the state—and we believe that one of our greatest assets lies in the

talent of Coloradans. Great efforts are underway to connect and nurture the talent pipeline.

We are committed to the economic development of our great state, and will put our efforts toward conquering our challenges in order to build a strong Colorado workforce for years to come.

Sincerely,

A handwritten signature in blue ink, appearing to read "John W. Hickenlooper". The signature is fluid and cursive, with a large initial "J" and "H".

John W. Hickenlooper, Governor

CHAPTER 1

Importance of Talent in Colorado

In today's competitive and customer service-focused world, talent is rapidly becoming the means by which companies must differentiate themselves in order to grow and excel.

Today, talent is frequently viewed as a commodity rather than as an asset. Focusing on talent will elevate the Colorado brand as a place where the best and the brightest want to live and work, while also driving productivity.

“Educating today's youth is the key to driving economic development and bringing top companies to Colorado.”

KEN LUND, FORMER OEDIT EXECUTIVE DIRECTOR

COIN, 2014 COIN Talent Agenda
<http://goo.gl/ryISTX>

“

If we are going to command a **premium** in the marketplace, then we need people who have the ability to deliver premium quality, resonate with our values, and support our thought leadership position.”

SCOTT STERNBERG, PRESIDENT, VAISALA INC

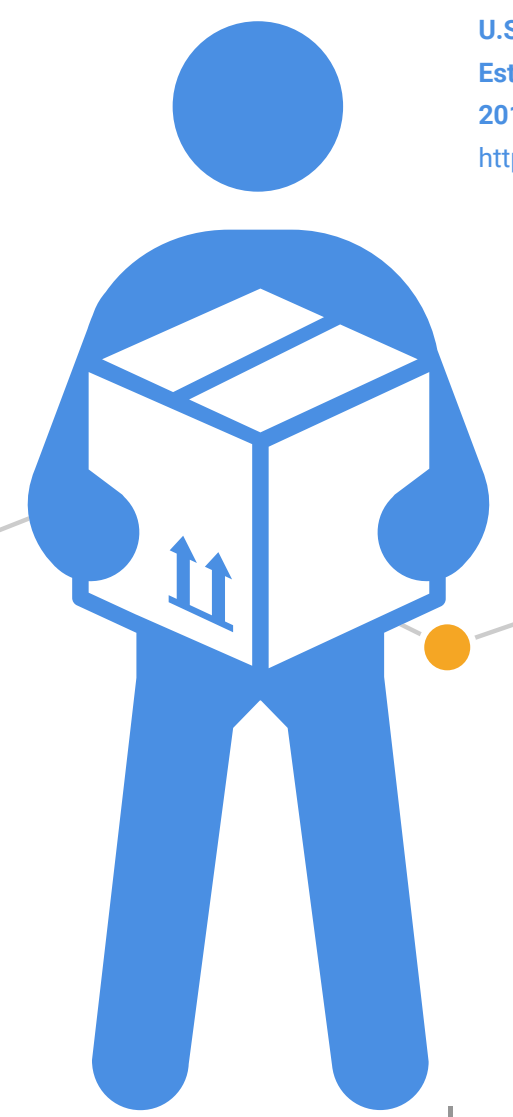
There is a large influx of people coming to Colorado and broadening the talent pool. In 2014 Colorado experienced net migration of ~50,000 people; that is, ~207,000 people moved into Colorado while ~166,000 moved out. Colorado is ranked **fifth highest among all U.S. states for net migration.**

CWDC, The Colorado Talent Pipeline Report
<http://goo.gl/N8fGhL>

Colorado Department of Local Affairs, 2014 Population Overview
<http://goo.gl/XH8YtX>

U.S. Census Bureau, Population Estimates, State Totals: Vintage 2014
<https://goo.gl/Q3LgZ1>

COLORADO'S ANNUAL POPULATION GROWTH
50,000



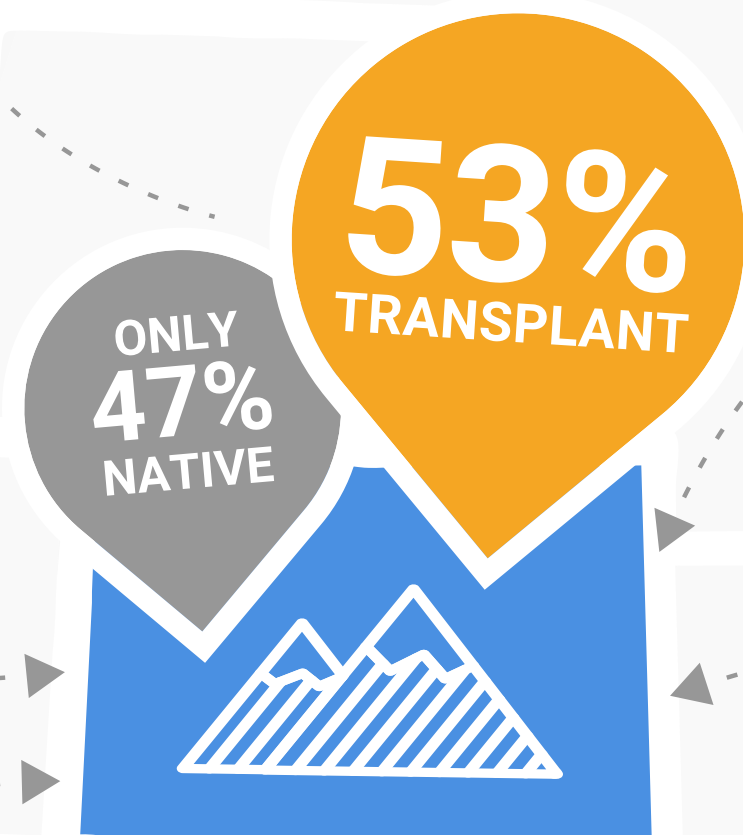
1990s | 2000s | 2010s

CHAPTER 1: IMPORTANCE OF TALENT IN COLORADO

In 2013 Colorado ranked as the **seventh-least native state in the U.S.** Across the U.S., the average share of adults who were born in the state where they currently reside is 63 percent, while our native (i.e., born in Colorado) population is only 47 percent.

U.S. Census Bureau, Percent of
the Native Population Born in Their
State of Residence

<http://goo.gl/FNgi0a>



With a workforce flocking to Colorado from all over the country, the talent pool is larger and more diverse than ever.

But how can companies ensure they are getting the **skills** they need for business success, and matching the **right workers with the right jobs**?

CHAPTER 2

Big Data & Automation

Thanks to technology, companies are positioned to collect more customer and operational data than ever before—but Big Data aggregation and analytics are critical in order to reap the rewards of these growing information sets.

Although companies collect massive amounts of data, it's not always used to its full potential. Some data is stuck in **disconnected systems**; other data is **unstructured** or **qualitative**. Finding ways to bring all that together into one dataset is what is typically meant by **Big Data**.

But Big Data is about more than just the data itself—it's about using that information to develop **data-based insights** that drive decision making. While the Big Data trend is nascent at all but the most innovative companies, it's highly valued and recognized as the wave of the future. In a 2014 cross-industry survey, 90 percent of senior executives said that Big Data has changed or **will change decision making** at their organizations.

Two 2014 PwC reports found that trends in data analytics are gaining traction with leadership. 85 percent of CEOs said that they put a **high value on data analytics** for their companies, and 80 percent place data mining and analysis as the second-most important strategic technology initiative for CEOs (just behind mobile technology). Meanwhile, business analytics tops CEOs' priority lists in terms of anticipated investment.

PwC, Global Data & Analytics Survey 2014: Big Decisions™
<http://goo.gl/tbNWuW>

PwC, 17th Annual Global CEO Survey
<http://goo.gl/XEkTSs>

PwC, Digital IQ 2014 10
Technology Trends for Business
<http://goo.gl/PUMias>

While innovation and technology can mean automation, automation won't necessarily help companies cut manpower. Instead, it can help companies improve cost per unit while **shifting workers into more strategic roles**, such as those around process improvement where data analysis is fundamental.

Today's workers need **critical thinking skills** to analyze that data and do what machines cannot.



CHAPTER 3

Fostering Critical Thinking

In blue-collar and white-collar environments alike, employers seek workers who intuitively apply continuous improvement approaches to their work.

Comfort with **complexity and ambiguity** is increasingly important in today's fast-paced and dynamic workplaces. More employers are conducting **situational interviews** to see firsthand how people deal with ambiguity—a skill that isn't easy to learn.

The profile of an ideal worker is changing. Rather than seeking employees who will do what the job demands, companies are looking for **self-starters** who can work independently to identify issues and **solve problems**.

“You need someone who’s motivated, energized, engaged, and looking for a challenge.”

SUMA NALLAPATI, CHIEF INFORMATION OFFICER,
STATE OF COLORADO

Employers want to hire students who have strong communications and critical thinking skills. They want talent that **combines traditional business acumen with progressive critical thinking**. However, some Colorado leaders say that our high school programs don't have enough capstone projects to give students the **critical thinking and analysis skills** they need as a foundation for higher education and the workplace.

With a rise in the importance placed on standardized testing, today's primary educational system has become mired in bureaucracy—making it hard for teachers to focus on **problem solving, innovation and creativity.**

“We need a Renaissance in the K-6 environment that will prepare students in these skills in order for them to become the workforce of the future.”

DEON MACMILLAN, CHIEF HUMAN RESOURCES OFFICER,
ARDENT MILLS

CHAPTER 4

Evolving Educational Models

With costs of a college education remaining high, delivering a strong return on investment for graduates is key. As a result, traditional educational models are changing to emphasize preparations for job seekers entering the workplace.

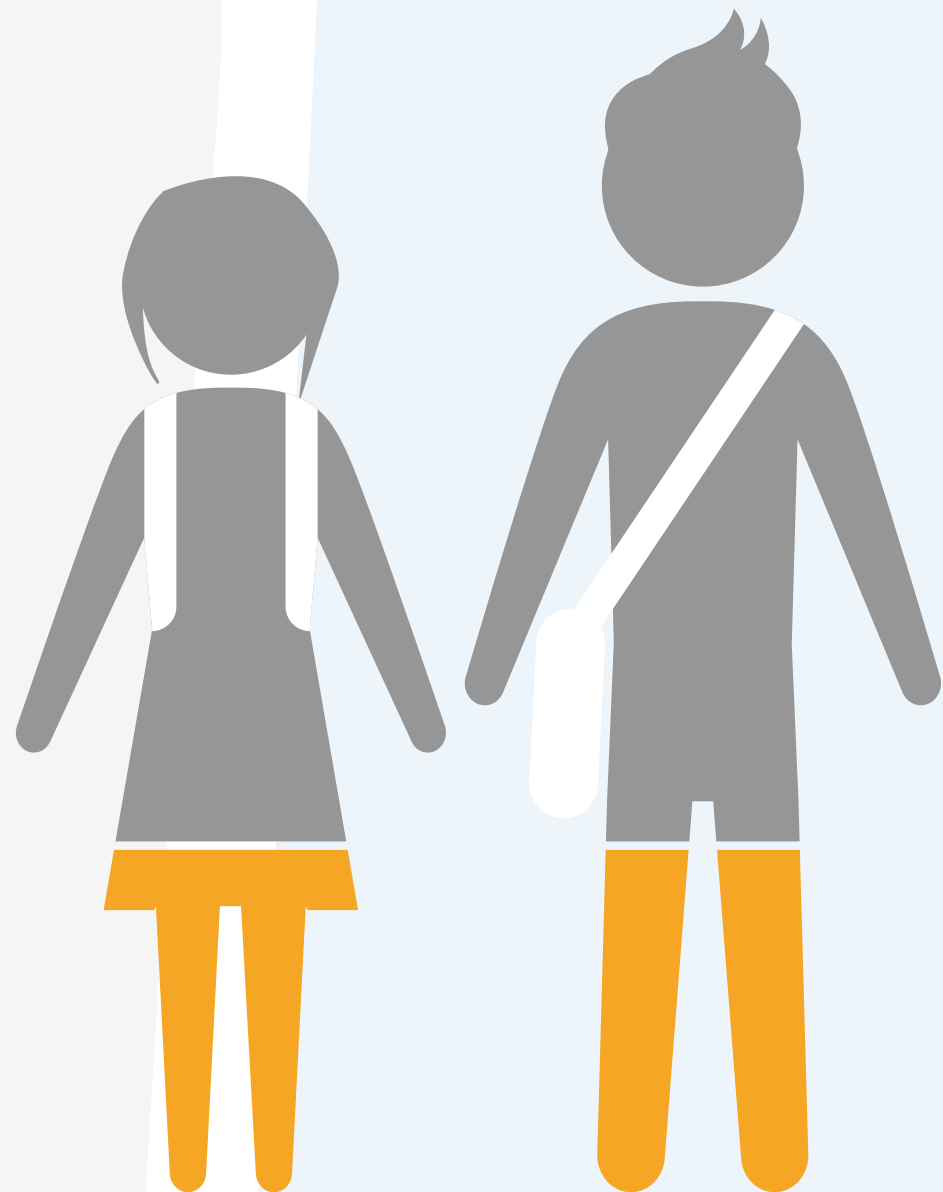
Potential employers say that subject matter expertise is less important, as they instead look for graduates with strong general business skills who apply **problem-solving mindsets** to everything they do. Partially to aid in this, college faculty are co-teaching **interdisciplinary courses** instead of focusing on siloed fields of study. In these courses, students are encouraged to apply learnings from multiple curricula to tackle problems.

At the college level, change is on the horizon. Colleges like Colorado Mesa University say that there is a rise in the number of students matriculating with **business minors**, or at least the relevant coursework. Some schools, like the University of Colorado at Boulder, are also adding **coursework in entrepreneurship** to further encourage innovation and risk taking. Students want to demonstrate their work-readiness to employers, and a minor can give them a leg up on the post-college job hunt.

The New York Times,
What's Your Minor?
<http://goo.gl/BBYRGT>

While often we hear costs of higher education are increasing, sources say that **baseline costs of providing education have actually remained relatively steady** over the last 20 years. However, as **governments reduce funding** to state schools, the **price of education to students (i.e., tuition) is increasing to compensate.**

The Atlantic, A Truly Devastating
Graph on Higher Education
Spending
<http://goo.gl/xME6nF>



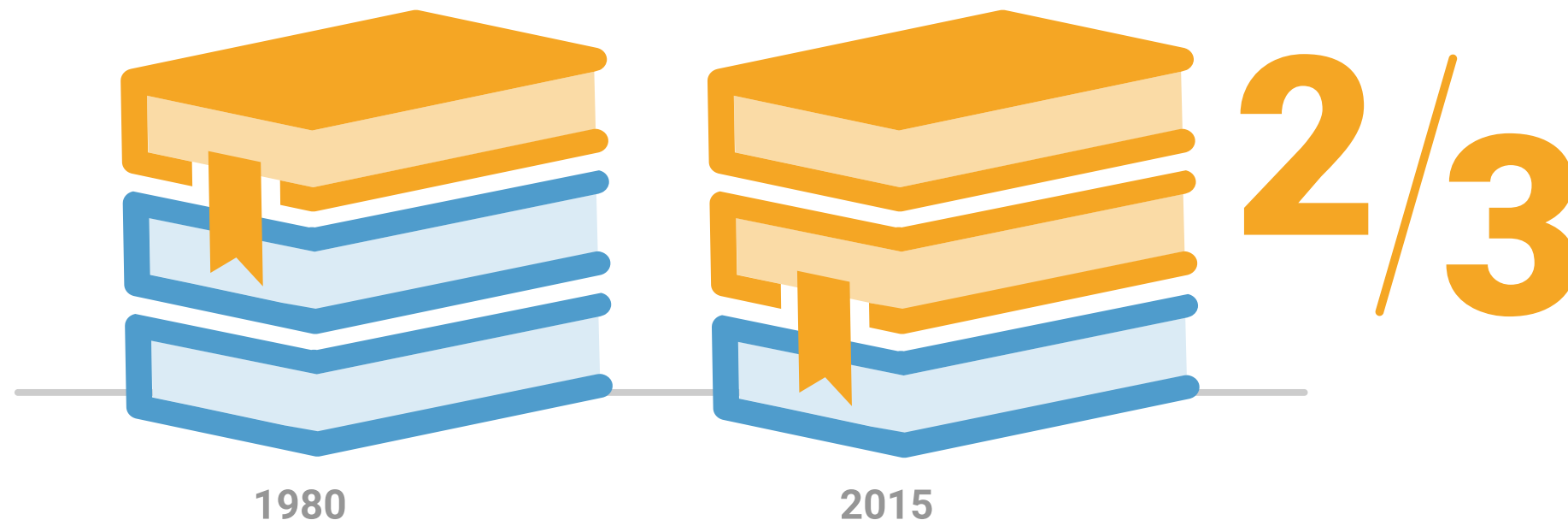
32.3%
CUT TO
COLORADO
GOVERNMENT
SPENDING
PER STUDENT
FY08-FY13

40.8%
INCREASE
IN TUITION AT
COLORADO
STATE SCHOOLS
FY08-FY13

Colorado has reduced its state support for higher education by nearly 69.4 percent from 1980 to 2011. While the state formerly funded two-thirds of the cost of education and families paid one-third, today, those numbers have reversed. **Colorado is one of the lowest funders of higher education**, ranking 49th in per-student support for higher education.

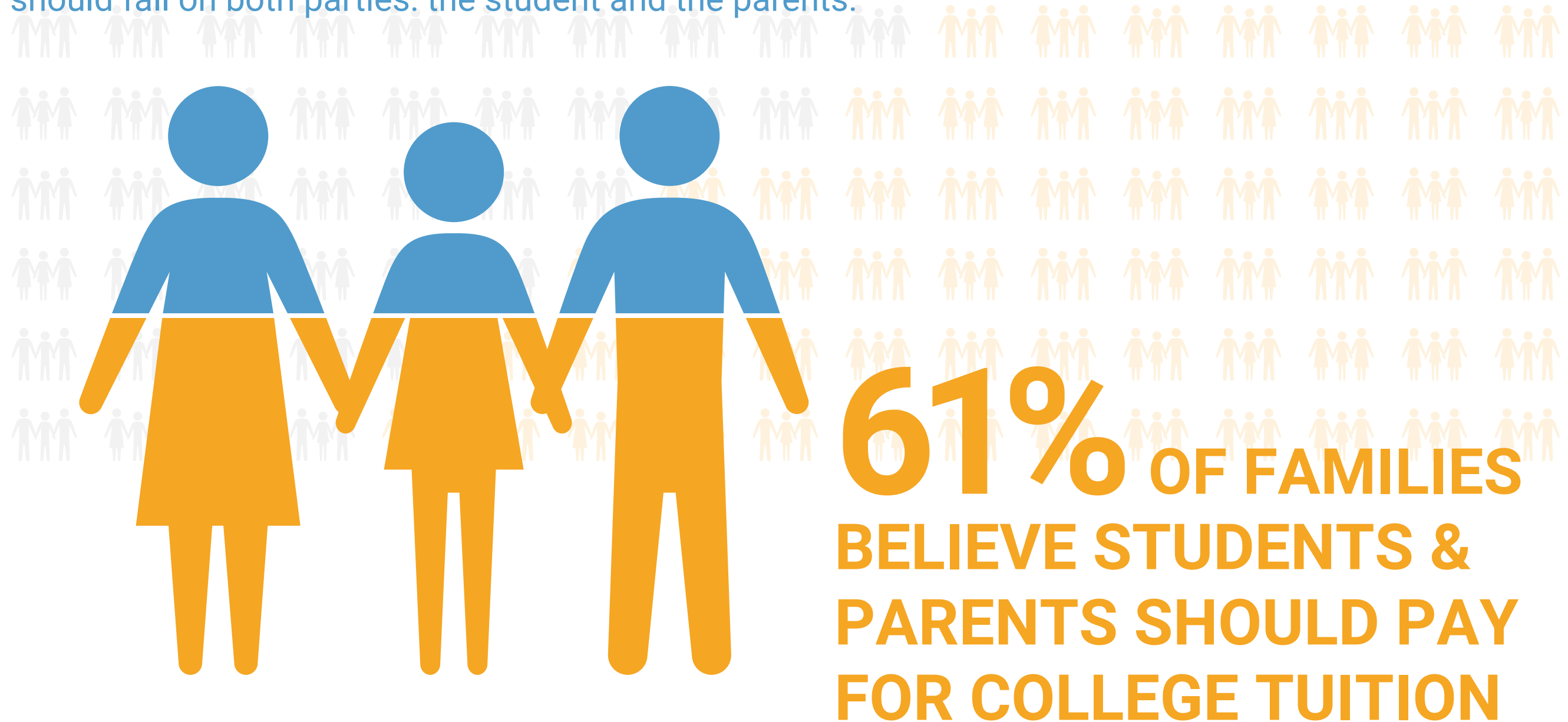
Metro Denver Economic
Development Corporation, *Toward
a More Competitive Colorado*,
Tenth Edition
<http://goo.gl/GZUIL7>

FAMILY SHARE OF EDUCATION:



With costs of education placing heavy financial burdens on families, **parents are more frequently stepping in to cover costs** that were formerly paid by students themselves. Today 61 percent of families believe that the burden of college tuition should fall on both parties: the student and the parents.

Sallie Mae, How America Pays
for College
<http://goo.gl/IHHJIA>



However, when parents are providing the funding, they seemingly want more influence in what their children study –and **families are demanding that students pursue more lucrative degree programs** instead of more generalized liberal arts majors. Today’s “helicopter parents” expect to be involved in the decision of where to attend school, what to study, where to move after graduation, and which job offer to accept.

Bloomberg View, Helicopter Parents and the Kids Who Just Can't

<http://goo.gl/4CmhdQ>

Business Insider, The four cultural shifts that led to the rise of the helicopter parent

<http://goo.gl/qJVGUV>

Colleges say that students pay close attention to Department of Labor statistics citing which fields are poised for growth and which are on the decline. In 2014, 19 percent of students reported changing majors specifically to pursue **more marketable fields.**

“Students all know the average starting salary, and they all want very badly to be above that average.”

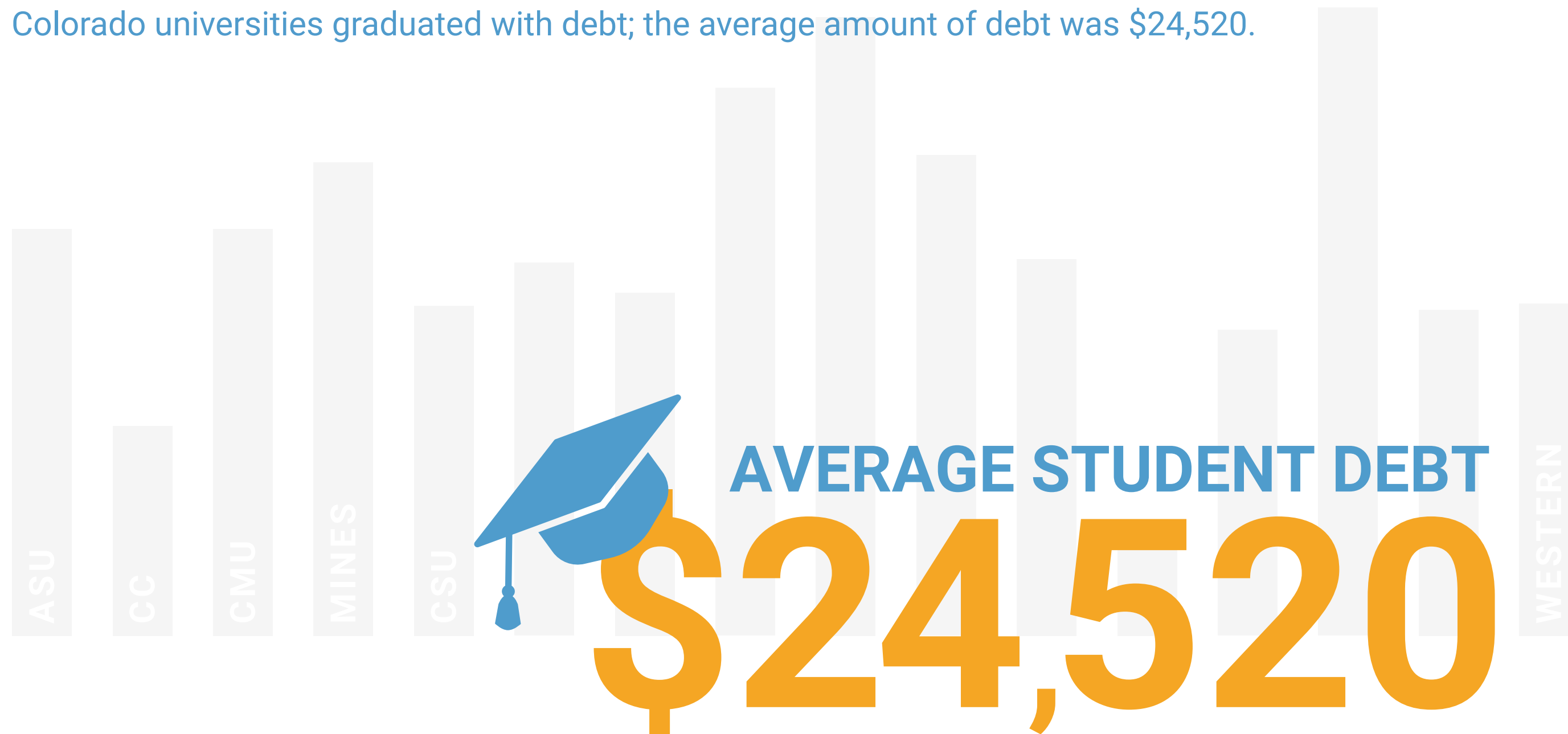
TIM FOSTER, PRESIDENT OF COLORADO MESA UNIVERSITY

Sallie Mae, How America Pays
for College

<http://goo.gl/IHHJIA>

Students are taking on increasing amounts of **student loans** when they go to college, which means increasing pressures to start paying off those loans as soon as they enter the workplace. In 2013, 55 percent of students graduating from four-year Colorado universities graduated with debt; the average amount of debt was \$24,520.

The Institute for College Access & Success, Project on Student Debt, State by State Data
<http://goo.gl/wtazLC>



Therefore, while students today are incredibly creative, and many of them are aspiring entrepreneurs and innovators, they must take **day jobs with steady income streams in order to pay back student loans**. In a vicious cycle, the demands of student debt keep them from pursuing their creative passions—and they end up stuck for years in jobs they once considered temporary. Ironically, the expense of college has kept these students from realizing their career dreams.

As a result of this spiral, some Colorado executives say that money *isn't* the most important thing college-educated candidates look for in a job—it's the **ability to work in their desired industry**. Potential for advancement is also important, sometimes even more so for non-college educated workers who aren't as confident about their opportunities to ascend in an organization.



CHAPTER 5

Non-Traditional Education

Across industry lines, formal education is being supplemented, or sometimes supplanted, with experience-based learning.

Students once were encouraged to **focus on their studies** and not distract themselves with extracurricular activities, part-time jobs, internships, or externships. Many students are now taking on part-time jobs and internships to help pay for college.

CHAPTER 5: NON-TRADITIONAL EDUCATION

As noted previously, students graduating with debt owe an average of \$24,520 by the end of their college education. But with minimum wage not keeping pace with college tuition, a student today would have to work nearly **1,000 hours per year** to graduate without debt.

Randal S. Olson,
It's impossible to work your
way through college nowadays,
revisited with national data
<http://goo.gl/Xwmxa1>

COIN 2015 Innovation Report,
Students are taking on increasing
amounts of student loans
page 28



1,000
HOURS / YEAR

60,000 MINUTES

3,600,000 SECONDS

1990s

2000s

There is also another reason for a shift in the single-focus perspective: today, a student who has graduated without gaining **out-of-the-classroom experience** is virtually unhirable. As a result, colleges are placing an emphasis on experiential education—encouraging internships, co-ops, and service learning projects prior to graduation.

Colorado's newly-formed Business Experiential Learning Commission, chaired by Noel Ginsburg, seeks to develop and implement a systemic solution for integrated work-based education and training.

“We need to rethink the way that we direct young people. Instead of pushing them all to four-year colleges, we should encourage them to consider apprenticeships and other experiences in the trades.”

NOEL GINSBURG, CEO, INTERTECH PLASTICS

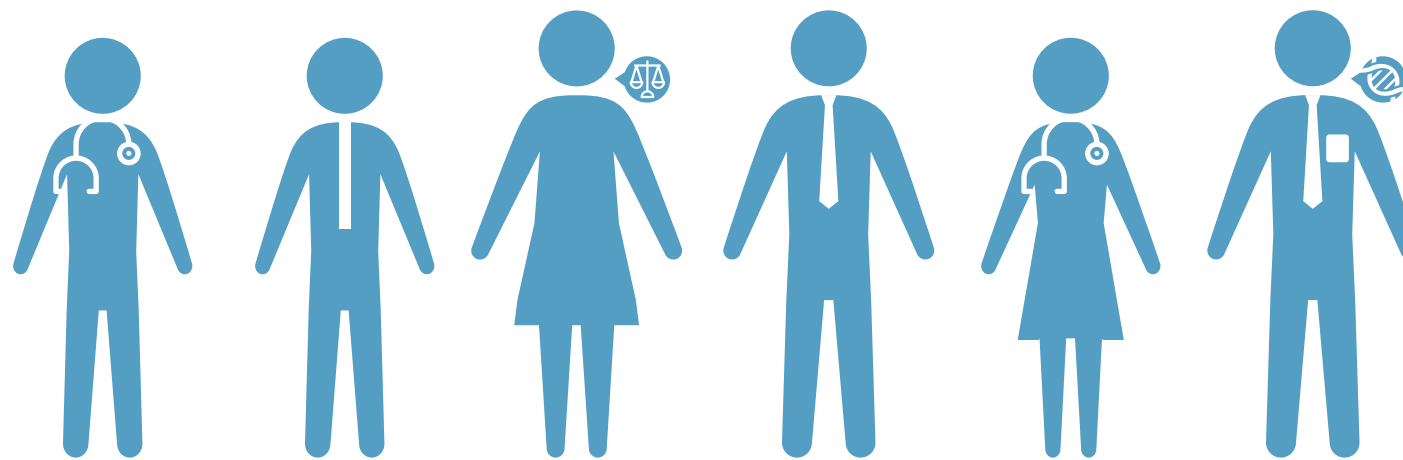
But in today's competitive landscape, some employers say that **college degrees have become so ubiquitous as to be compulsory** for even the most entry-level jobs. In fact, some employers are encouraging students to go back and obtain four-year degrees before they can advance in their careers—even if they are already performing well in their current roles without degrees.

Employers' preference for bachelor's degrees may come from being spoiled by **Colorado's highly-educated labor pool**. 37.8 percent of Colorado's population over age 25 has a bachelor's degree (or higher)—ranking **2nd highest** in the nation.

Metro Denver Economic
Development Corporation, Toward
a More Competitive Colorado,
Tenth Edition
<http://goo.gl/GZUIL7>

37.8%

OF COLORADANS
AGED 25 YEARS OR
OLDER HAVE A
BACHELOR'S DEGREE



But this isn't necessarily an example where raising the bar is a good thing. There are all sorts of **societal stigmas** around not going to college, even though skilled trade workers can make upwards of \$80,000 per year.

“We've dug ourselves into a college-or-nothing hole.”

ELLEN GOLOMBEK, EXECUTIVE DIRECTOR,
COLORADO DEPARTMENT OF LABOR AND EMPLOYMENT

While the education system does a good job equipping students with theory and subject matter expertise, some employers say that there is a gap when it comes to using that theory for **practical applications**. These employers want workers with experience more than they want graduates who are still “green.”

“**Badging**” **certification programs** have sprung up across the U.S. as a way to help workers become more competitive in the job market without obtaining formal degrees. These programs provide classroom work plus experiential learning, and are a great alternative to going back to campus full-time. In fact, many certification programs are tailored for people who don’t fit the traditional college-age residential student profile, and are frequently **delivered remotely**.

Colorado's plethora of **startups** has also provided a training ground for workers who don't necessarily fit traditional models. Many startups are run by Millennials who don't follow traditional hiring practices, making room for workers who don't fit the conventional models or have typical degrees.

Overall, many employers say **there is strong and growing demand for people who don't go to college**, and there will continue to be jobs that don't require a college degree—particularly in customer service fields. Hiring overqualified college graduates for those types of jobs will only increase turnover as the economy improves and workers find better matches for their skill sets.



CHAPTER 6

From School to Workplace: The STEM Gap

A widening gap exists between demand and supply of qualified talent to work in the STEM fields.

Lockheed Martin and other advanced industry companies face a particularly difficult hiring challenge thanks to their need for engineers. The **Science, Technology, Engineering and Math (STEM) fields are in high demand**. Advanced industries, comprised of engineering and R&D-intensive companies, account for 30 percent of the state's economy and over 500,000 jobs in STEM fields.

The Colorado Education Initiative,
The Colorado STEM Education
Roadmap
<http://goo.gl/2gPmjx>

So what are the STEM fields? The eight STEM disciplines are **chemistry, computer science, engineering, environmental science, geosciences, life sciences, mathematics** and **physics/astronomy**. In combination, they are the basis of over 160 occupations—with more being developed as science and technology evolve. In the Denver and Colorado Springs areas, 22.4 percent of workers are in STEM occupations.

However, the STEM workforce is “aging out”—over 16 percent of current Colorado STEM workers are nearing retirement. Meanwhile, demand is increasing: from 2000 to 2010, job growth for STEM fields (7.9 percent) has tripled that of non-STEM fields (2.6 percent).

O-Net, All STEM Disciplines
<http://goo.gl/CBIPiw>

Brookings, The Hidden STEM
Economy
<http://goo.gl/9EAMaF>

The Colorado Education Initiative,
The Colorado STEM Education
Roadmap
<http://goo.gl/rDKKxe>

The Colorado Talent Pipeline’s annual report examines labor market data to identify “top jobs.” Top jobs are defined as those with projected high openings and above average growth rates, typically offering a living wage. While only 20 percent of all jobs across the Colorado workforce are classified as being in the STEM fields, **55 percent of the top jobs are classified as STEM**—indicating a mismatch in education with employment opportunities.

As a result, STEM graduates to fill this demand are in short supply. While Colorado performs relatively well on some key STEM indicators, **we aren’t tapping into our entire talent pool.** Women make up 48 percent of Colorado’s workforce, yet hold only 23 percent of STEM jobs; meanwhile, Hispanics and Latinos comprise 16 percent of Colorado’s workforce but represent only 6 percent of our jobs in STEM fields.

CWDC, The Colorado Talent Pipeline Report
<https://goo.gl/N8fGhL>

The Colorado Education Initiative,
The Colorado STEM Education Roadmap
<http://goo.gl/rDKKxe>

Of STEM graduates that Colorado does produce, software engineers are often drawn to companies like Google, Yahoo, and Microsoft that offer a host of **perks** plus the opportunity to work with **thousands of similar-minded coworkers**. But companies based outside of Silicon Valley need developers, too, and **we need to find ways to grow them in, and attract them to, Colorado**.

Across the board, leaders say there is a **disconnect between the education community, the employer community, and the training community**—and more collaboration is needed to bridge those gaps. In the next five to seven years, Colorado needs to invest in workforce planning and development to ensure that we aren't disadvantaged because of competencies, technologies, or skill sets that we don't have within our local talent pool.



CHAPTER 7

Changing Technology

Advancing technology means the baseline requirement for employees' computer competency is increasing, and will continue to increase in order for workers to stay competitive.

The tools that people use every day are changing—many workers use computers, iPads, or smartphones regularly in their work. As a result, one critical skill set for a worker seeking employment is **comfort with technology**.

Multitasking, while often controversial, is a skill that is increasingly sought by employers. From a technology perspective, toggling between different systems is essential to daily work. As businesses automate routine tasks, human talent is needed to **bring together varied information systems required for organizational and operational effectiveness.**

Of course, with so many resources invested in automation, one challenge businesses are facing today is how to keep automation from getting in the way of human interaction.

“Just because we can do something **doesn't mean that we should.**”

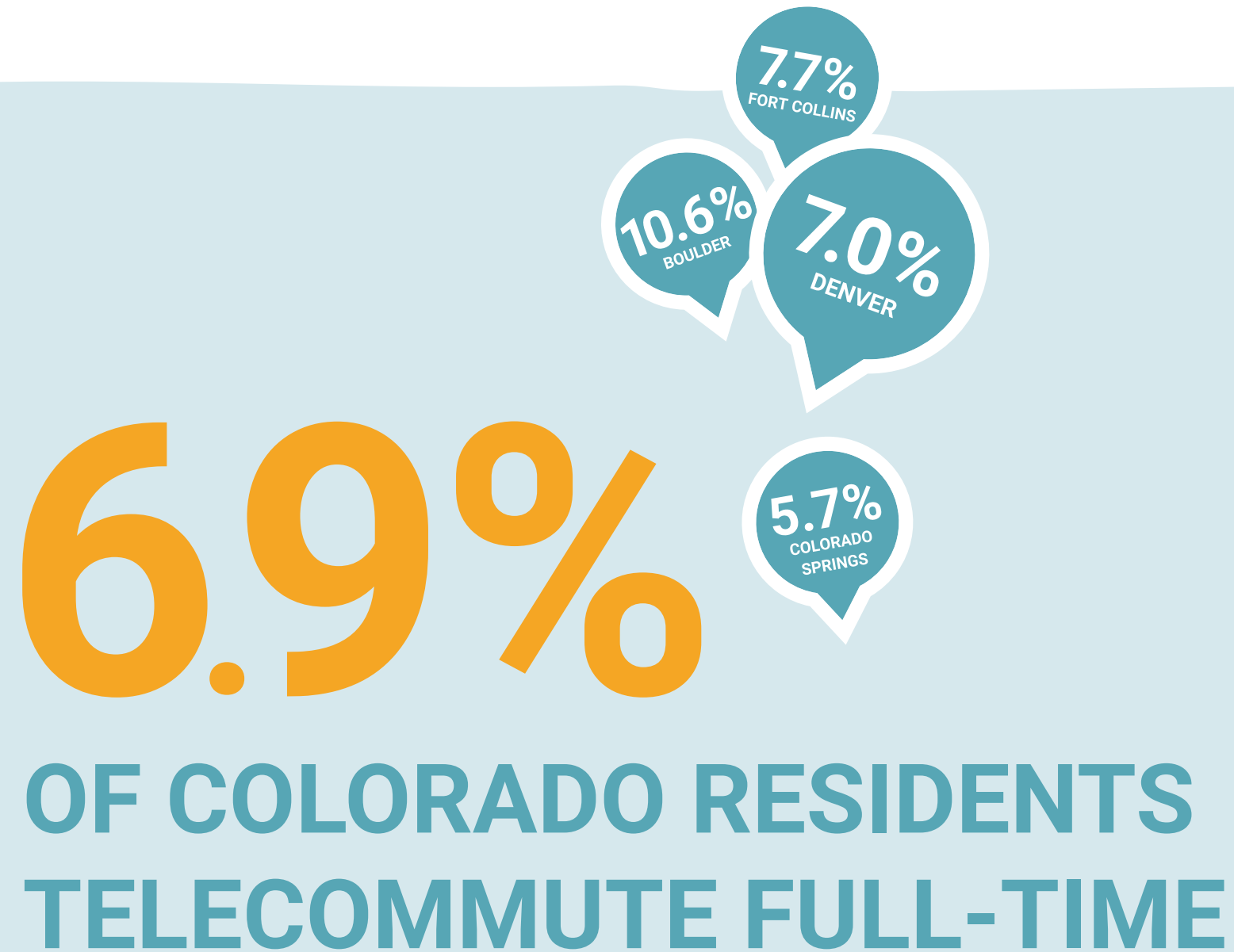
DEON MACMILLAN, CHIEF HUMAN RESOURCES OFFICER,
ARDENT MILLS

Meetings used to entail sitting in a conference room, chatting briefly about personal details, then getting to business and ending with a handshake. As video conferencing became more affordable, groups of workers would convene in conference rooms to call colleagues across the country. Now, the **ubiquity of laptops and webcams** allows people to attend meetings from their own cubicles or even at home.

A common but unintended consequence is that dozens of employees now sit in rows of cubes, staring at their screens and wearing headsets... but dialed into the same meeting. One big challenge for businesses is forcing face-to-face communications, which don't happen as casually as they once did. **The water cooler has become a cliché** instead of an important gathering place.

Colorado is **ahead of the curve on the telecommuting trend**, with 6.9 percent of Colorado residents telecommuting full-time compared to 2.6 percent nationally.

The Denver Post, Colorado has highest telecommuting rate in the country
<http://goo.gl/uABH9S>



Some companies have experimented with **core hours**, where all personnel must be in the office at the same time. Others have redesigned their offices to build long hallways where people can “accidentally-on-purpose” bump into each other while moving about. Some offices have even gone so far as to forbid coffee at desks, **forcing break room gatherings** for employees seeking a caffeine fix.

TED, Margaret Heffernan: Why it's
time to forget the pecking order
at work
<http://goo.gl/d80dKd>

“

Clients want to be able to interact with us in multiple ways—not just in person. Different clients have different needs and we are customizing their experience to provide that. We need to find talent that understands how you make great customer experience happen with technology.”

VANESSA CRUZ, SENIOR TEAM MANAGER OF TALENT ACQUISITION, CHARLES SCHWAB

Customization of messaging is critical to ensuring that information is disseminated throughout an organization. As organizations become more mobile, and technology provides **multiple channels for communication**, sharing information often and repeatedly can ensure the greatest reach.

Although comfort with technology is important, employers say that today's graduating students are **too tied to their technologies**. New employees aren't as comfortable thinking outside the box, and they also aren't as good at working with other people—a large gap when considering that many workplaces are driven by teams. But as automation increases and technology improves, the demand for workers lies in **providing extraordinary customer service**.



CHAPTER 8

The Rise of Customer Service

Customer service excellence is a key differentiator for companies—but smart, agile, empowered talent is necessary in order to deliver it.

When hiring, employers look for a mix of hard skills and soft skills. Critical thinking skills are paramount, and employers want to see that candidates can apply knowledge practically and problem solve. Most importantly, workers need to be able to think on the fly to process ambiguous situations—like **dealing with customers**.

The demand for customer service is on the rise. While 86 percent of electronics buyers will pay more for a better customer experience, only 1 percent of customers feel that vendors consistently meet their expectations. Consumers have high expectations for **service that will be customized to their needs**—in part because they know that companies can use Big Data and technology to deliver it.

Unfortunately, high expectations can result in **big consequences for businesses** that don't prioritize customer experience. 34 percent of customers say that they would take revenge after a bad experience by writing a negative online review—and those types of reviews can frequently go viral and reach wide audiences.

Forbes, Customer Experience:
Is It The Chicken or Egg?
<http://goo.gl/wuYqzQ>

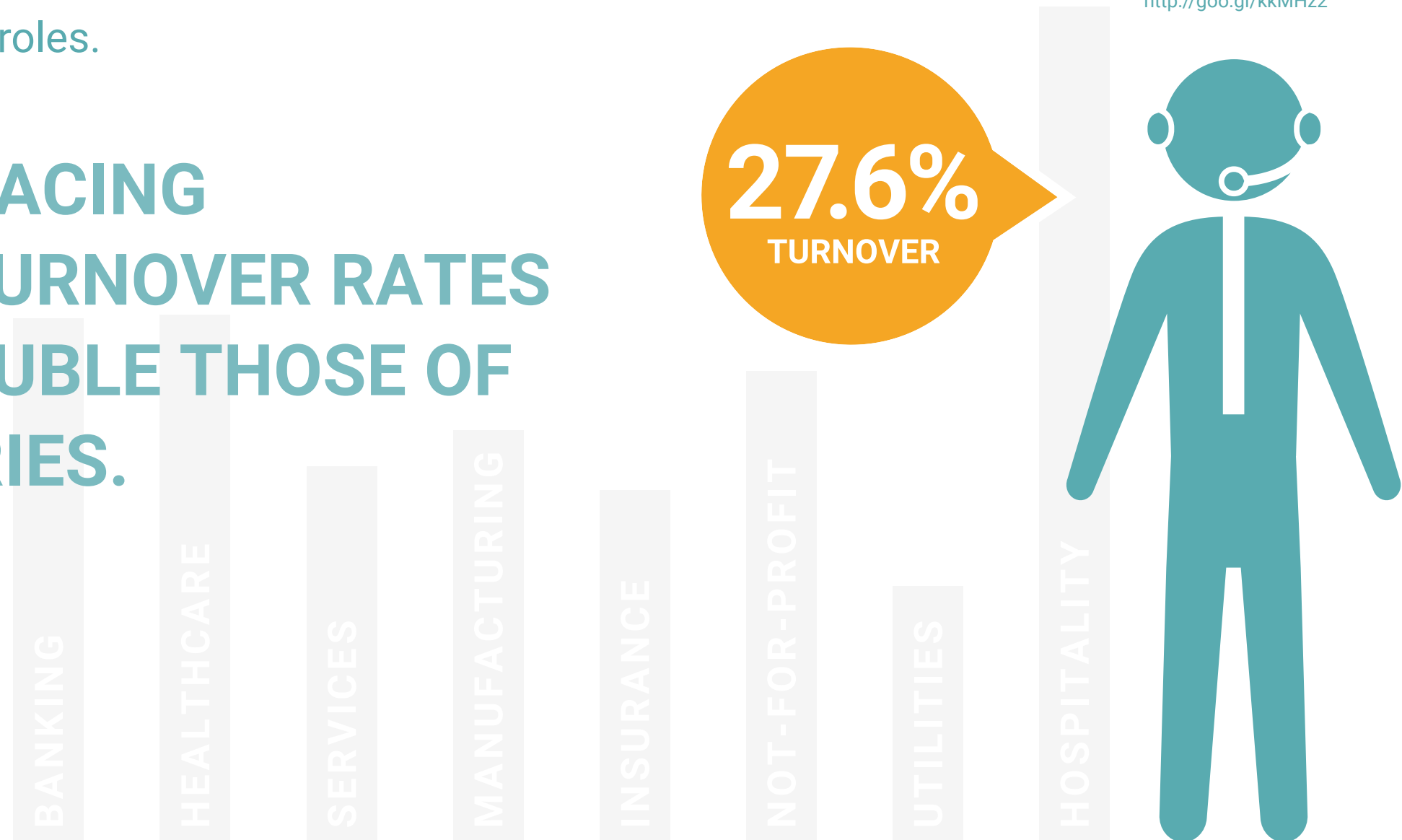
New Voice Media,
The multibillion dollar cost
of poor customer service
<http://goo.gl/8dH5Up>

To compensate, companies are increasing **training in soft skills** for their entry-level employees, even though this often requires significant investment. As barriers to business entry decrease, there are fewer ways to differentiate businesses in the same industry. However, **customer service is one of those differentiators**, and the ability to attract and retain a workforce that excels in this dimension will foster greater success.

As a result of the demand for customer service, workers at the front lines need to **be aware of customer demands and react accordingly**. Workers are trusted to be a face of the company, and they must be quick on their feet in order to avoid disappointing customers. Employees must be empowered to break the rules when necessary in order to serve the customer—which requires a great deal of latitude in traditional performance management metrics.

At the same time, customers feel that they have the right to speak their mind, which can be stressful on front-line employees. Customer service with a smile comes at a price—workers asked to do so report higher levels of stress that continue even off the job. As a result, customer-facing employees tend to have **higher turnover** than those in other, less-stressful roles.

IN CUSTOMER-FACING HOSPITALITY, TURNOVER RATES ARE NEARLY DOUBLE THOSE OF OTHER INDUSTRIES.



Huffington Post, Customer Service With A Smile Comes At A Big Price
<http://goo.gl/cqN9Dr>

Compensation Force, 2014 Turnover Rates by Industry
<http://goo.gl/kkMHz2>

Turning employees into content experts can help them better interact with customers and understand marketplace concerns. Consumerism is rising; customers are expecting an **increasingly personal and customized level of service**, and workers who specialize in a particular niche of customer are high in demand.

Recruitment and development of diverse talent can help businesses **match employee profiles to their customer bases**. By deploying workers in the communities that they represent, those workers become a source of listening, engagement, and marketing for the company—allowing further customization of products and services.

PwC, *Service & Engagement: How to step up and stand out in this era of social and technical change*

<http://goo.gl/DNssMh>

It's important to encourage workers to think about who their customers are and how they can better serve them. The businesses that will differentiate themselves from the pack are those who can **anticipate what the customer will need**—not just now but years down the road—and **position their talent to provide it.**

CHAPTER 9

Creating Customized Employee Pathways



While customers are clamoring for personalized service, employees are also looking for customization—of their career paths.

Across the board, workers aren't happy when they have to fit the mold. They want to work for companies where **each employee is treated differently**, based on one's own personal talents and circumstances.

“

The workforce of the future will not be homogeneous—you need an organization that’s comfortable with that and can adapt and customize programs, practices, and approaches to fit.”

DEON MACMILLAN, CHIEF HUMAN RESOURCES OFFICER, ARDENT MILLS

During the hiring process, some candidates are seeking long-term careers while others want short-term jobs. But often, the short-term job seekers are just as valuable as the long-term seekers because of the **breadth of experience** they bring.

“When we go to recruit talent, you can tell from someone’s resume whether they want to stay for the short haul or the long haul.”

TOM FOBERT, MANAGER OF ENTERPRISE TALENT ACQUISITION,
SIERRA NEVADA SPACE SYSTEMS

Diversity of work is incredibly important to retention and employee happiness. **Diversity of perspective** also helps a business to make better decisions. Rather than following a single defined career path, employees today are expected to move around and **get experience across the company**.

Once a worker is hired, the identification of career pathways starts with **customized training**—helping workers to understand how they can contribute using their unique skills and talents. Empowering employees to stand out from peer groups also helps to increase engagement and improve productivity.

“

We are encouraging businesses to create visibility for employees to understand that when they enter a job, they don't have to remain in that one job—but they could take either a sideways or upward progression. **It's really a lattice structure, not a ladder.**”

ELLEN GOLOMBEK, EXECUTIVE DIRECTOR, COLORADO DEPARTMENT OF LABOR AND EMPLOYMENT

Some employees are going back to school for multiple degrees in order to shift their career paths and start over at different companies in different industries. However, companies can decrease turnover by providing visibility for employees into the **lateral moves** that can shift career paths within an organization.

Today the U.S. economy is **34 percent freelance**—however, that number includes moonlighters. Although there is debate over whether “pure” freelancers are on the rise, companies should prepare to **make their staffing models more flexible** in order to accommodate freelancers and obtain niche skill sets.

“People will soon be doing more project-based work rather than working for an individual organization.”

DANA BARTON, BUSINESS RELATIONS AND EMPLOYMENT DEVELOPMENT DIRECTOR, PIKES PEAK WORKFORCE CENTER

Harvard Business Review,
Breaking Down the
Freelance Economy
<https://goo.gl/x6fpS4>

However, no matter what career path is desired, it is ultimately up to an individual to make it happen. While Baby Boomers might generally wait for promotions to be offered to them based on tenure or performance, Millennials will ask for the opportunities they want—and **those who aren't comfortable defining their own paths will be left behind.**



CHAPTER 10

Confronting Generational Differences

As Baby Boomers and Gen Xers begin to exit the workforce, Millennials are taking their place and bringing new and varied sets of challenges to the workplace.

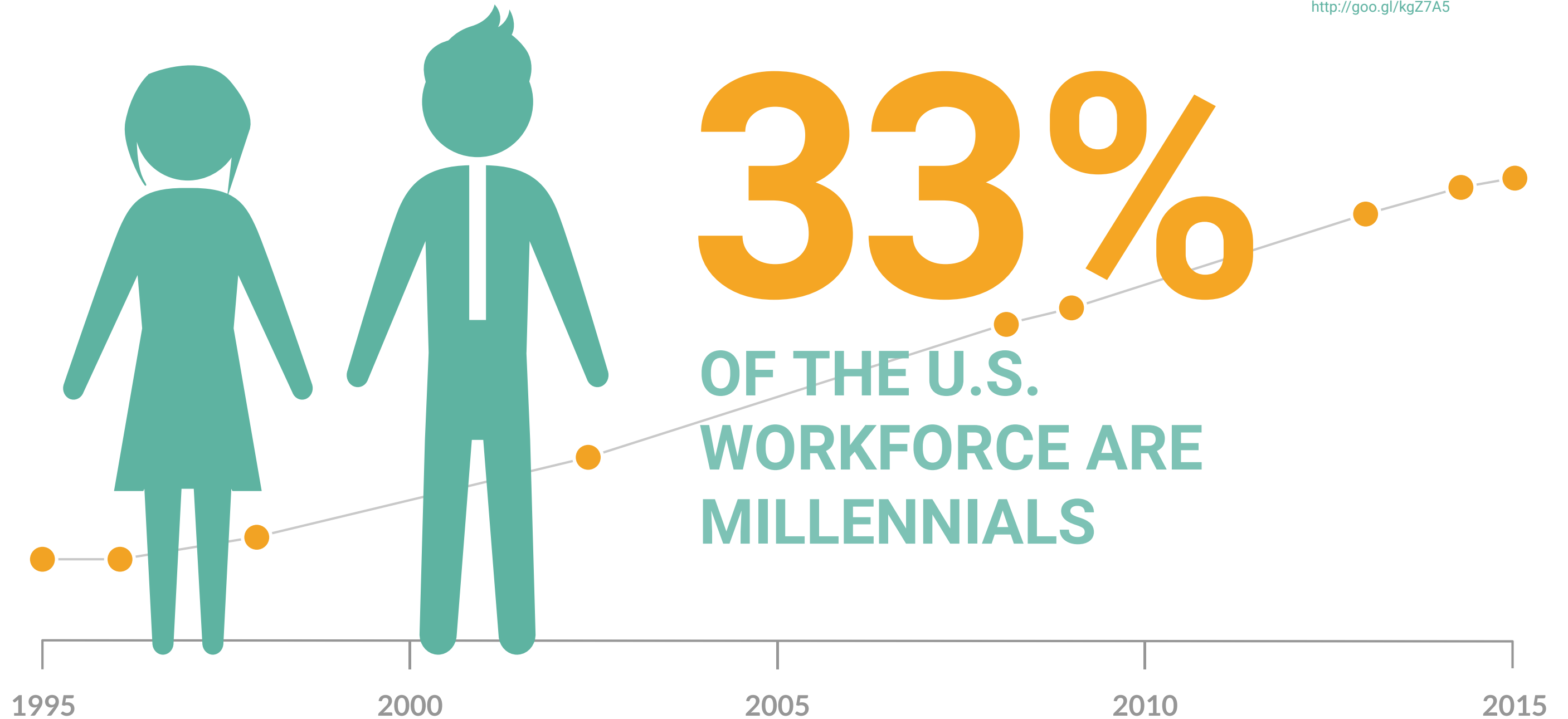
In the 1950s and 1960s, the Baby Boomers became the largest generation ever to exist in the U.S.; as a result, they transformed the workplace. Today, the Millennial generation is poised to make a similar impact. It's imperative for talent organizations to **adjust their recruitment and retention strategies** in order to keep up with today's labor market.

U.S. News & World Report, 8 Ways
Baby Boomers Changed the World
<http://goo.gl/MbFWv3>

Hawaii Business, Boomers
Changed the World. Now, It's
Millennials' Turn
<http://goo.gl/A6TzJf>

In January 2015, Millennials became the largest share of the U.S. workforce; today, an estimated 53.5 million American workers belong to the Millennial generation.

Pew Research FactTank,
Millennials surpass Gen Xers
as the largest generation in
U.S. labor force
<http://goo.gl/kgZ7A5>



Millennials have a very different set of values and drivers than their Baby Boomer and Gen X predecessors. By comparison they love to **travel**, they're more **adventurous**, and their comfort with the **internet and the digital age** makes it easy for them to **quickly become informed** on a variety of topics.

While Millennials enjoy bonding with their colleagues over happy hour and other social activities, **intergenerational mixing doesn't come naturally**—and many employers see a workforce that is divided by generation. This may seem trivial, but socializing in and out of work helps build strong teams that work together more efficiently, recognize problems sooner, and operate more effectively.

Forbes, How Much Coworker
Socializing Is Good For Your
Career?

<http://goo.gl/VdRehG>

“

It isn't business as usual, and if we don't figure out those differences in the generations of the workforce, we'll lose them.”

KIM DAY, CEO, DENVER INTERNATIONAL AIRPORT

With today's Baby Boomers and Gen Xers beginning to age out, it's imperative for them to foster strong working relationships with their Millennial counterparts in order to **pass on their knowledge, skills and experience** to the younger generation.

“There is a true grit that you get only through doing the work, and we need to enable communication between the seasoned and newer employees.”

KATHLEEN QUINN VOTAW, CEO, TALENTRUST

Colorado executives say that Millennials want to **move up the ranks faster** than their predecessors. While some may call that entitlement, it's simply a different approach to engagement—and companies need to learn how to **manage those expectations** or risk losing employees.

Millennials are uncomfortable with rigidly hierarchical corporate structures, and can grow **frustrated with tenure-driven workplaces**. Millennials grow up with a strong sense of themselves as unique individuals, and they want opportunities to progress at their own pace and based on their own merit. 52 percent of Millennials say that **career progression** is the most important thing they look for in an employer—topping even salary.

PwC, Millennials at work,
Reshaping the workplace
<http://goo.gl/YLRRqC>



Generally, Millennials have room for improvement in soft skills, where they lag earlier generations by comparison. Many employers have found it necessary to offer training in **core competencies of the workplace**: how to speak, what to wear, and how to use technology appropriately for business. **Etiquette dinners** are popular at colleges to help students learn to network and interact with colleagues.

In today's business world, effectively managing generational differences can make or break a company. Businesses and workers who are trained in related best practices (either via formal training or through self-study) have a major leg up on those who don't **recognize generational differences** and can't adapt their behavior accordingly.

David Grady: The Conference Call
<https://goo.gl/rzwJAU>



CHAPTER 11

Flexibility

An increase in millennials in the workplace has brought increased requests for mobility and flexibility.

Flexibility doesn't necessarily mean working from home; it can mean **different shifts, compressed work weeks**, or other creative solutions.

There are many ways to address these demands, which are ultimately part of a broader trend toward accommodating sustainable work-life balance.

Flex time, where employees work the same number of hours but don't follow the traditional business schedule, is a popular request. Some businesses say flex time doesn't work because of the need for facetime in the office. One option is **staggering the typical Fridays-off model** so that different workers take different days off. Another means of accommodating flex time is to implement **core hours** during which all employees must be in the office for face-to-face meetings; workers can flex their other hours as it works best for them.

One key to successful implementation of flexibility policies is noting that they can't be applied wholesale across a company. **Performance metrics should be adjusted and scrutinized**, monitoring how individual productivity is affected by specific flexibility measures and then customizing how much flexibility is offered to each employee accordingly.

Although implementation can be complex, employee flexibility **encourages workers to be similarly flexible with the business**—which increases their likelihood to give more to the business at critical times. For example, after the 2013 floods, companies whose workers were accustomed to **working from home** were better positioned to keep working, business as usual, than were their counterparts who weren't equipped to work remotely.

With companies becoming more global, many workers take conference calls outside their normal working hours (e.g., at 4 a.m. or 11 p.m.). Allowing workers to take calls from home and then attend to personal matters during the “normal” workday can help significantly with **work-life balance despite an unpredictable schedule**.

The Denver Post, Colorado has highest telecommuting rate in the country

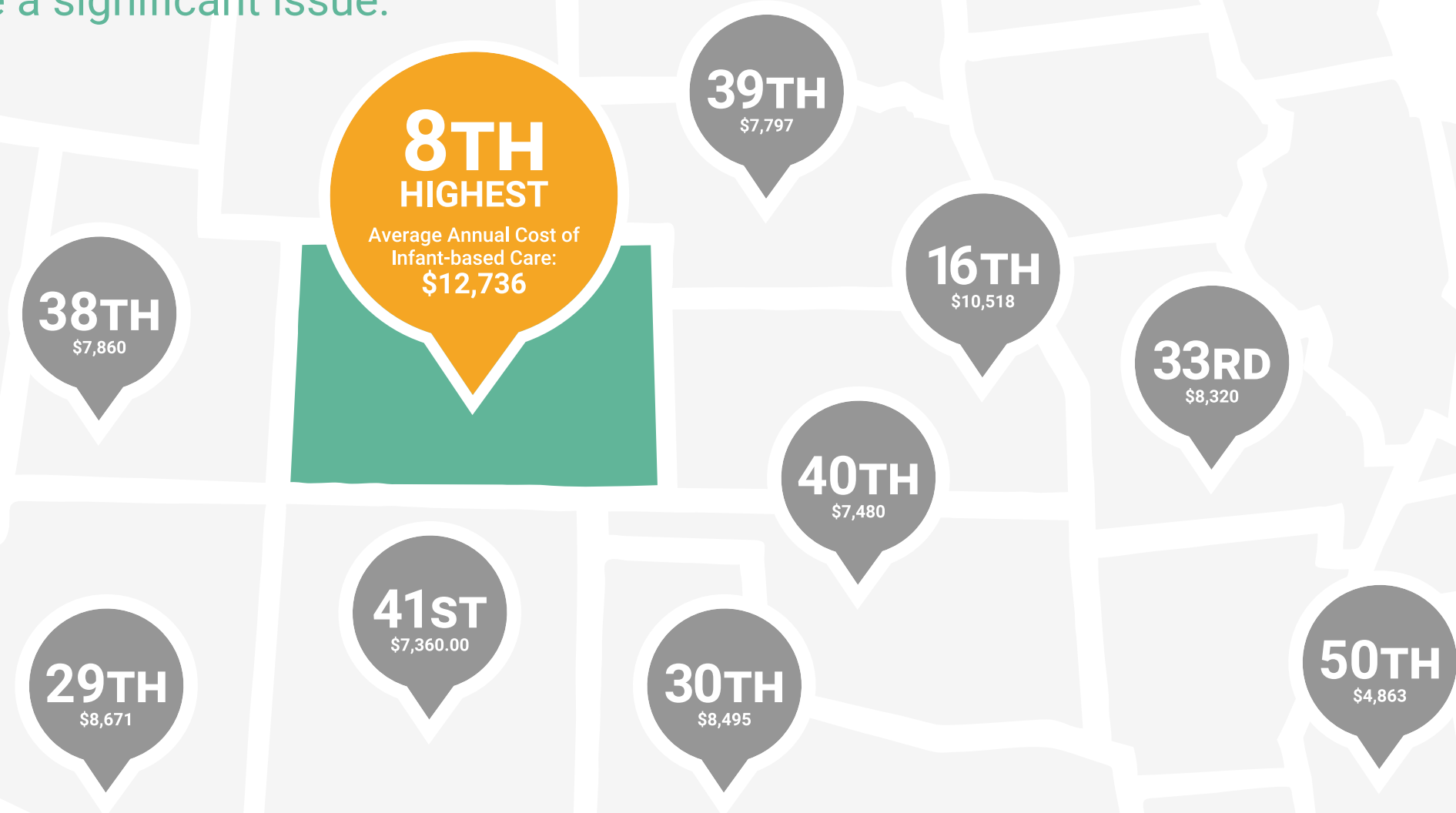
<http://goo.gl/uABH9S>

COIN 2015 Innovation Report, Colorado is ahead of the curve on the telecommuting trend
page 49

CHAPTER 11: FLEXIBILITY

One key driver of the demand for flexibility is a **lack of affordable childcare**—which is exacerbated by the rise in the number of single-parent families. In Colorado, **childcare rates are the eighth highest** in the country. Particularly in the state’s rural communities, people are spending up to 50 percent of their wages on childcare. Telecommuting and flexible work policies can help enable continued productivity when childcare costs are otherwise a significant issue.

The Boston Globe, Map:
The average cost for childcare
by state
<https://goo.gl/s9JCq0>





CHAPTER 12

Location

Although each region has its own unique challenges, Colorado as a whole is an incredibly desirable place to live and work.

Colorado's rural areas face challenges beyond childcare in attracting and retaining talent. At Colorado Mesa University, President Tim Foster says that students would like to stay on the **Western Slope** after graduation, as the area is less crowded, with more outdoor activities and fewer impediments to affordable housing and transportation than communities on the Front Range. However, the economy in the western part of the state has recovered more slowly by comparison, so it's **not as easy for recent graduates to find jobs.**

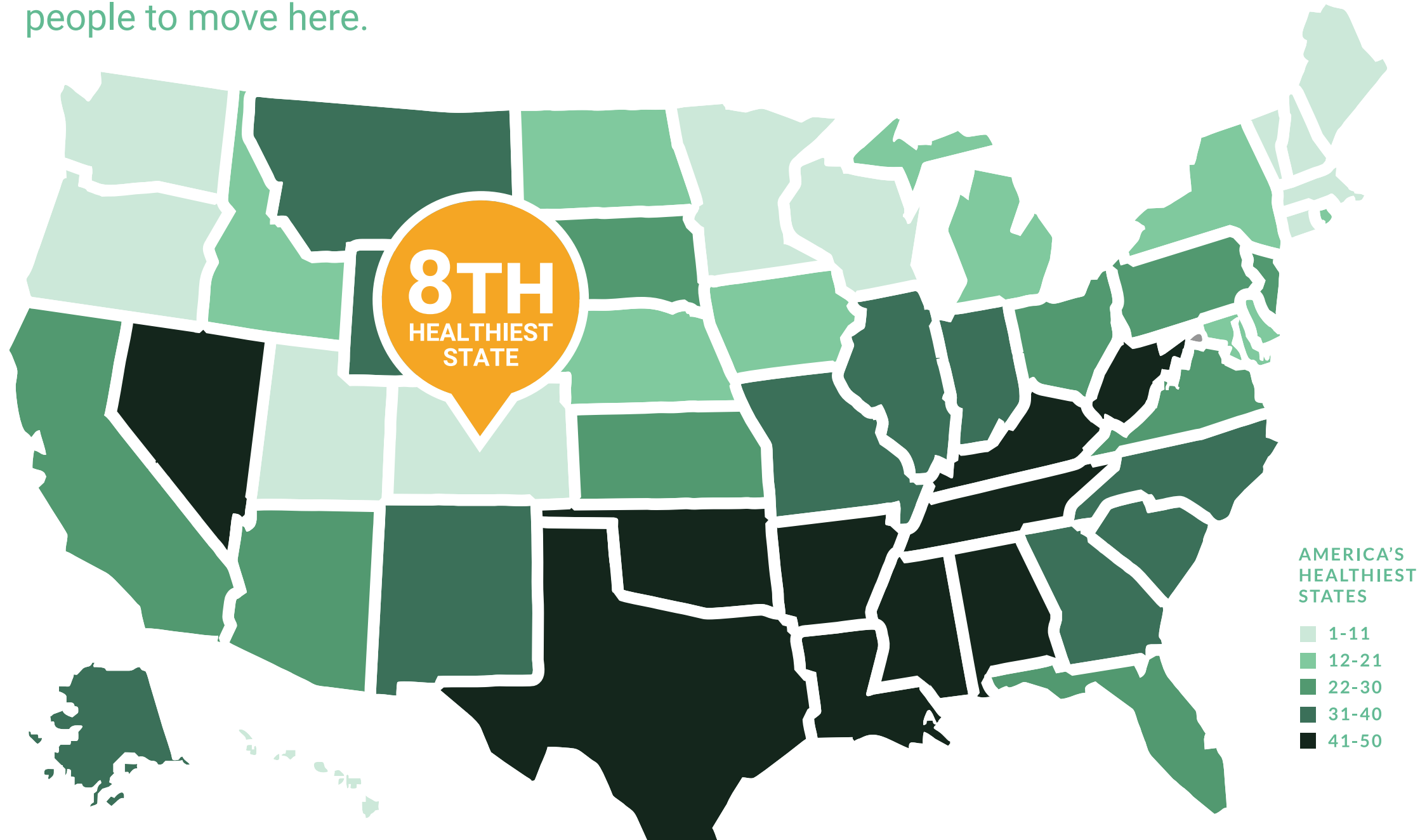
Even where jobs are available, **lack of local competition** in a particular industry can also impact the ability to attract workers, who may fear they have limited options if their job is lost. Colorado as a whole doesn't have the same density of opportunities as some coastal competitor states, and the recession has increased **concerns about job security**. This problem is exacerbated in **double income families**, where both spouses must find a job match in order to stay in Colorado.

At the more senior levels, high-end talent can be hard to recruit for similar reasons. Because Colorado has **more divisional headquarters** rather than true corporate headquarters, C-level executives worry that there may be nowhere else to go in state if they leave their current company.

Fortunately, more and more **corporate headquarters have moved or are moving to Colorado** in part because of the availability of talent and high education levels of the workforce. Many of these companies say that quality of talent is their primary reason for being here.

CHAPTER 12: LOCATION

Compared to big cities on the coasts, Denver is a relatively comfortable place to be. Colorado as a whole is **innovative, healthy** and fairly **affordable**. The active culture and great climate encourage a healthy lifestyle, and are major factors in attracting people to move here.



America's Health Rankings

<http://goo.gl/yaCkaD>

5280 Magazine, Colorado Is the Least Obese State—But Not the Healthiest

<http://goo.gl/dkZGrB>

Recruiters say that **location** is one of the most important factors in “selling” applicants on a job offer. Some say that location is so important that recent college graduates will take a job that’s not in their field, just to be able to live in a particular area. Meanwhile, rotational programs are having a tough time attracting candidates because **employees don’t like to move frequently.**

The greater Denver/Boulder area is an incredibly popular place for people to move. It has **walkable** city centers with lots of **space**, great **weather**, and plenty of **restaurants, music** and **nightlife**. **Tax rates** are reasonable by comparison and **Denver International Airport's** proximity benefits both businesses and vacationers.

“If Denver is not a Tier 1 city now, it will be in five years.”

CHRIS ONAN, CO-FOUNDER AND CFO, GALVANIZE

Within the state, different areas face different challenges. For example, companies based in the **Denver Tech Center** area say that they are able to attract a more highly technical workforce than other areas. However, employers also say that young people would rather live closer to the Denver/Boulder city centers, even if it means facing longer commutes to their jobs.

But while individual areas have their challenges, for the most part Coloradans love living here. The **quality of life** is very attractive, and is a major reason why migration rates are so positively skewed toward people moving in rather than out.

Colorado is known for promoting a **more balanced lifestyle** than other states and locations, and that combined with the increasing importance of work-life balance helps explain why so many talented workers are choosing to move here. 95 percent of Millennials say that **work-life balance is important**, and as a whole, people are prioritizing lifestyle over career—so location is becoming even more important in attracting workers.

PwC, Millennials at work,
Reshaping the workplace
<http://goo.gl/YLRRqC>

At the State of Colorado's Office of Information Technology, workers have started an internal rally cry: "**Love my job, love my state.**" This resonates strongly with the workforce, who love looking out their windows at the beautiful mountains and remembering what attracted them to Colorado in the first place.

CHAPTER 13

Infrastructure

Infrastructure presents one of the biggest challenges for Colorado, as a hot housing market and limited public transportation system present significant considerations for the workforce.

For today's top talent, the job market is only one consideration in choosing where to live. Other important factors in the competition among regions to attract and retain talent are **housing and transportation infrastructure**. Workers want to live affordably yet comfortably while having an easy commute from home to work to play.

Transportation for Michigan,
The Economic Benefits of a
Comprehensive Transportation
System

<http://goo.gl/0rpqbi>

CHAPTER 13: INFRASTRUCTURE

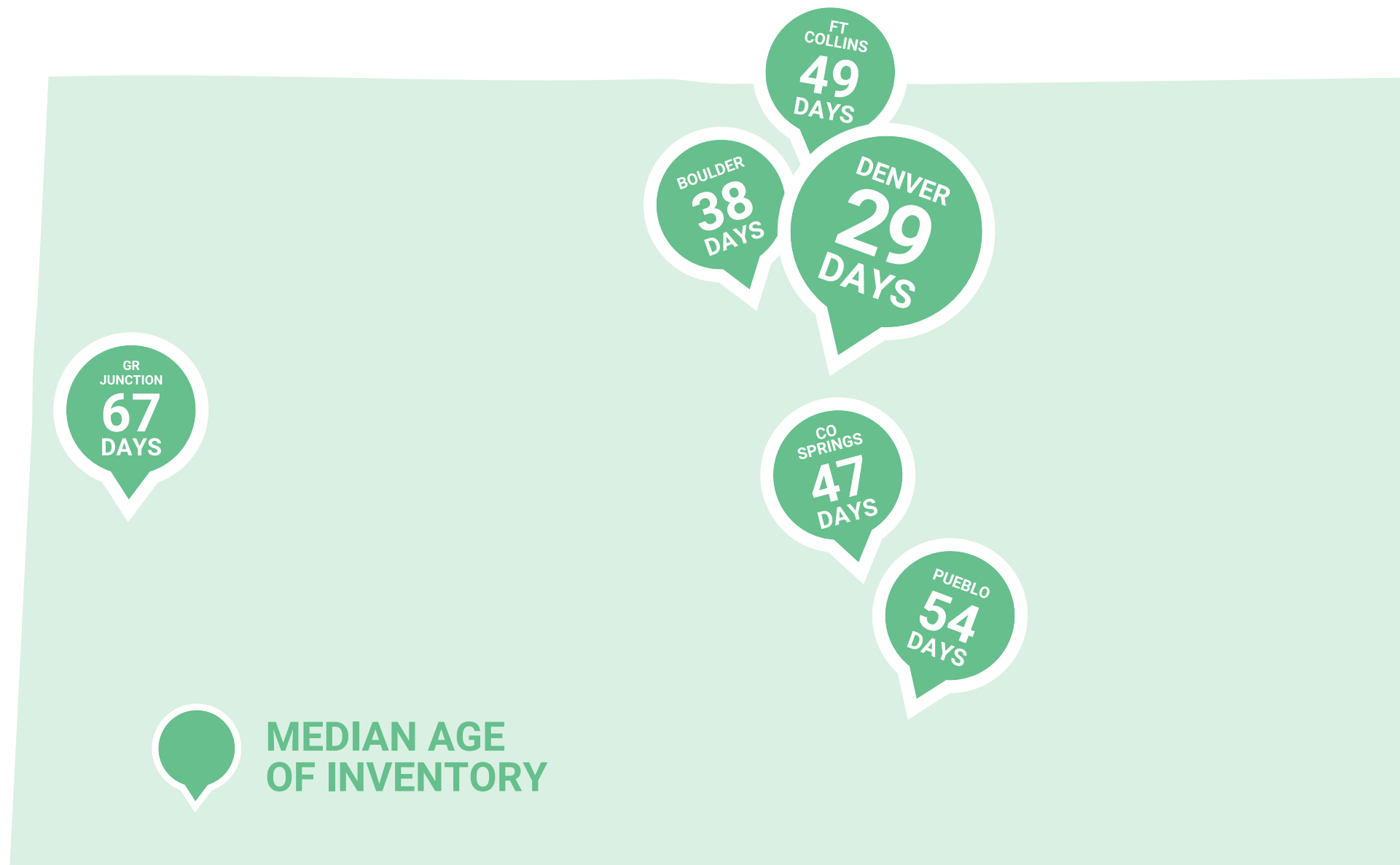
Mention infrastructure to a Coloradan, and you'll immediately hear complaints about the housing market. With so many people moving into the state, housing supply has been unable to keep up. Property transactions move quickly as buyers get into bidding wars for the limited inventory that is available.

Realtor.com, Real Estate Trends

<http://goo.gl/FnUyCo>

Fox 31 Denver, Denver's housing market hits a new record, but some good news for buyers

<http://goo.gl/VYCS2q>



“

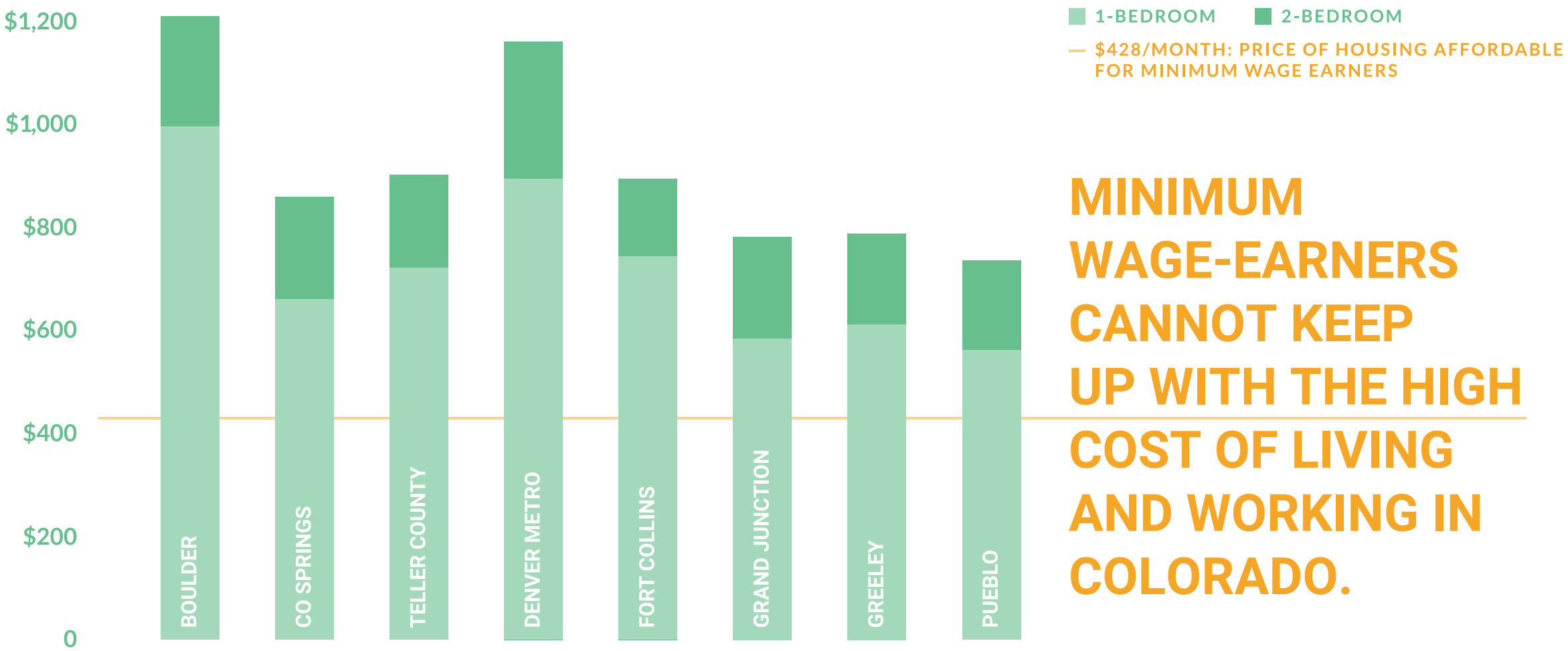
Affordable workforce housing is one of the biggest barriers to attract and retain the best talent.”

CHANCELLOR PHIL DISTEFANO, UNIVERSITY OF COLORADO BOULDER

Recruiters say that the Colorado housing market almost always comes up in discussion for people moving into the state. And with the market being relatively challenging, people aren't relocating to Colorado and then looking for a job; they're **finding the job first** and then seeking housing.

Affordable rental housing presents another challenge. Housing should not exceed 30 percent of an individual’s income—but to meet that commonly accepted guideline, someone earning the minimum wage of \$8.23 and working 40 hours a week could only afford an apartment that rented for \$428 or less per month.

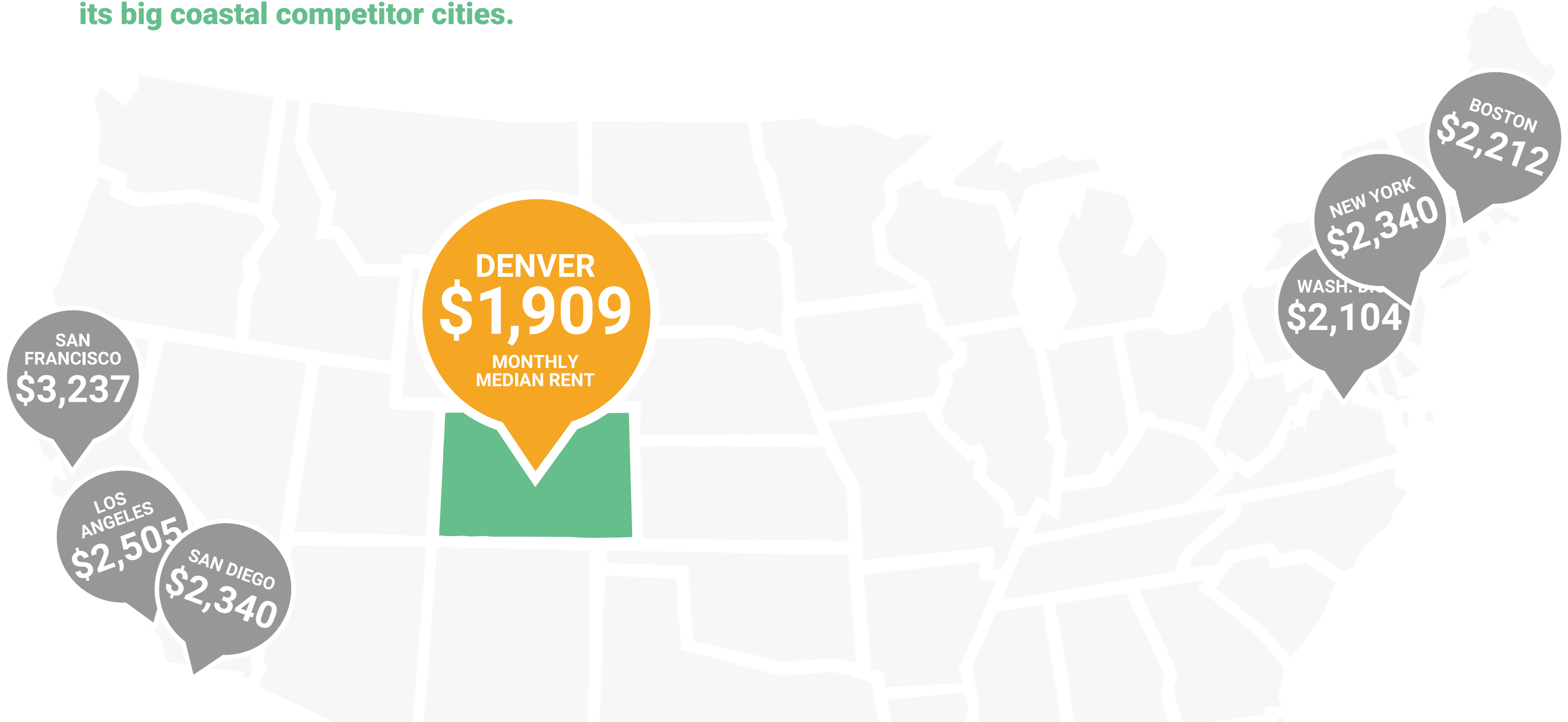
U.S. Department of Housing and Urban Development, Final FY 2015 Fair Market Rent Documentation System
<http://goo.gl/ssjV0V>



MINIMUM WAGE-EARNERS CANNOT KEEP UP WITH THE HIGH COST OF LIVING AND WORKING IN COLORADO.

But while housing in Colorado is certainly perceived as expensive for those moving from the middle of the country, Denver's housing remains **cheaper than housing in its big coastal competitor cities.**

Zillow, Denver Home Prices
& Values
<http://goo.gl/WR6X5k>



Broadband internet presents another infrastructure challenge—particularly in rural Colorado, where both speed and access are lagging compared to major metro areas. In a survey of 1,800 travelers, 99.8 percent say that access to guest room wifi is important to their hotel stay—so how does that translate to employee communities that don't have consistent, reliable access?

Hotel Wifi, Computer Services
Hotel Guests Really Want
<http://goo.gl/UaZy6U>

Finally, **transportation**—or lack thereof—is becoming a growing problem. Colorado road systems are challenging, causing delays and problems for commuters and commerce. The Denver metropolitan area currently experiences 200,000 hours of vehicle delay each day.

“The gridlock on I-70 isn’t just an annoyance; it stops commerce.”

NOEL GINSBURG, CEO, INTERTECH PLASTICS

Denver Regional Council of
Governments, 2035 Metro Vision
Regional Transportation Plan
<https://goo.gl/frRjBS>

Executives say there is a huge demand for rail service connecting Fort Collins to Denver to Colorado Springs, because talent can't easily travel between those areas. Unfortunately, costs are prohibitive and such a system is unlikely to be constructed in the near future.

As the population increases, executives emphasize the need to develop the transportation systems to **enable efficient transportation without using cars**. Millennials particularly value the ability to use sustainable forms of transportation, such as public transit, bicycling, and walking. This type of easy mobility is even more important as workers increasingly shift from one job to another rather than stay at one company for the duration of their careers.



CHAPTER 14

Passion & Cultural Fit

Although workers are changing jobs more than in years past, they are not less passionate about their work. In fact, passion for the job and cultural fit are two of the key traits recruiters look for in future employees—and significantly impact how long employees stay at an organization.

It's important for organizations to **be realistic** about potential employee expectations, and to convey company culture as part of the recruitment process. With the war for talent continuing, many recruiters are focused on selling the company—but if workers find that it wasn't all that was promised, they'll quickly leave. If it's not a good **cultural fit**, it's a waste of time for both the employer and the employee.

“

People very seldom fail here because of subject matter expertise; they fail if they don't have the **cultural fit or passion.**”

MARK GASTA, CHIEF PEOPLE OFFICER, VAIL RESORTS

Allowing students to **test out different jobs** for fit via experiential learning can also help decrease costly turnover for entry-level workers. The cost of attrition is estimated at 90 percent to 200 percent of annual salary—so it's important for both employers and employees to do their due diligence in identifying a job match. With turnover increasing as the Millennial generation supersedes others in the workforce, retaining employees becomes a sizable challenge.

Once working at a company, **job rotation** can keep employees happy. By changing roles within their company and fostering variety in their careers, employees can **renew their passions** as individual needs and interests evolve—without having to leave an organization. Although rotational role programs can be costly for business to deliver, companies not large enough to provide those opportunities can increase **cross-company training and networking** events in order to provide similar exposure.

SHRM Foundation,
Retaining Talent
<http://goo.gl/VII097>

Inc., 4 Way to Increase
Retention Rates Among
Millennial Employees
<http://goo.gl/oMZvjR>

“

If you hire someone for the right skills but they're not a fit with the culture, **they'll fail every time.**”

KATHLEEN QUINN VOTAW, CEO, TALENTRUST LLC

There are many ways that companies can help their workers engage and fit into the company culture. Hiring a **culture or engagement officer** may be costly, but many Colorado executives say that such an investment is worthwhile. However, it's important to ensure that any ideas generated are **authentic** to the workers within the company.

“**Culture isn't created in a boardroom; it's how the customers and employees experience your company.**”

KATHLEEN QUINN VOTAW, CEO, TALENTRUST LLC

Across the board, companies say that **vision and values** are competitive differentiators in hiring. When it's difficult for a large corporation to compete with a startup on atmosphere, or when it's difficult for a startup to compete with a large corporation on compensation, a company's mission and connection to a defined value system are becoming important recruitment and retention tools.

“

The most important thing is making sure that everyone in the organization knows that they're **changing someone's life**. If you work for an organization that's mission based, it's critical that you know that your work matters.”

CHRISTINE BENERO, PRESIDENT/CEO, MILE HIGH UNITED WAY

At for-profit companies, it's still important for employees to understand their end customers, and to know how their own work ultimately affects real people down the line. Knowing that their career **helps people** improves worker happiness and satisfaction. For-profit businesses can also **partner with nonprofits** to provide meaningful opportunities for employees to participate in **community service**. Programs like this can be very attractive to Millennials, who blur the lines between work and personal life and see their jobs as extensions of themselves.

Personality fit is also important—companies recognize this in recruiting efforts, and are looking for matches across skills, culture, and behavior. Some companies are even conducting personality assessments as part of the application process. For team-based cultures, diversity of personality can also mean **diversity of perspective and ideas**, which is necessary for innovation.

“

The number one thing I look for in a worker is **passion** and **enthusiasm**. You look for someone who really wants the job and wants to grow into the job. You can send someone to training and help them get educated, but you can't manufacture that passion.”

Millennials, in particular, want to be passionate and motivated in their careers. They don't want to punch a clock; they want to know how their specific task fits into the **bigger picture**. As a result, employee engagement is even more critical to retention.

A woman with curly hair, wearing a yellow blazer, and a man with glasses, wearing a blue sweater, are sitting at a table in a library. They are looking at a document on the table. The woman is holding a pencil. The background shows bookshelves filled with books. The entire image has a green tint.

CHAPTER 15

Employee Engagement

To attract and retain the best workers, it's important to keep them happy and engaged. Retention isn't just a matter of high compensation; employees are looking for a great holistic workplace experience.

Contrary to some beliefs, pay is not the key driver of employee happiness—it's the **experience**.

“This industry has what is jokingly referred to as psychic pay. A lot of the workforce is overqualified as a result of doing this for the experience rather than solely for the money.”

MARK GASTA, CHIEF PEOPLE OFFICER, VAIL RESORTS

At some companies there is an increasing demand for lifestyle perks (e.g., gym, daycare, dry cleaning, employee cafeteria, pharmacy, etc.). But there is a limit to the value derived from the “Googleization” of workplace-provided services, say many employers. They believe that **people need to enjoy time away from work and their employer**, and there is a certain point at which it’s unreasonable to allow the workplace to too closely resemble the home.

For the most part, **psychological benefits** go a long way towards worker satisfaction. For example, employees want to feel part of a team and be assured that colleagues are doing their part. Being acknowledged for good work is key, and many employers say that simple recognition can go a long way toward increasing retention.

When working to improve employee engagement, it's the **little things** that count.

“The key drivers of happiness for employees are being respected, treated fairly, compensated fairly, and being given opportunities for growth.”

NOEL GINSBURG, CEO, INTERTECH PLASTICS

The bottom line is that employers think **satisfaction** and **engagement** will be among the hottest issues for talent going forward.

“If we don’t think through how we increase the level of employee commitment and engagement, we won’t be able to attract the best talent to differentiate ourselves.”

JERRY HARTBARGER, KAISER PERMANENTE COLORADO,
VP OF HUMAN RESOURCES

Today's workers are tomorrow's leaders, and grooming that talent for success is critical to the economic development of Colorado. Can today's business leaders **trust the next generation** to run companies effectively in an ever-changing environment? What **changes are needed to both education and training models** to support this transition? Meanwhile, what changes must organizations make to their talent models to keep workers engaged and retained?

Colorado is well-poised to capitalize on its growing talent pool, but a continued focus on nurturing the pipeline is paramount to maintaining and elevating Colorado's brand as a place for the best companies—and the best people—to thrive.

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President / CEO, Mile High United Way

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