

Developing America's Frontline Workers

An i4cp Report



89% OF ORGANIZATIONS OFFER DEVELOPMENT OPPORTUNITIES TO FRONTLINE WORKERS

BUT **73%** DON'T KNOW HOW MANY FRONTLINE WORKERS TAKE ADVANTAGE OF DEVELOPMENT

24 Million U.S. workers are low-wage earners who could fill better-paying jobs if they had the skills pg. 2

High-performance organizations are **1.5X** more likely to provide entry-level employees with the ability to move up pg. 4

82% of employers offer tuition assistance to frontline workers pg. 7

High-performance organizations are **4.5X** more likely to start or expand an apprenticeship program pg. 13

Featuring insights from:



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i4cp is a human capital research firm that discovers the people practices that drive high performance. Ranked among the fastest-growing companies on the Inc. 500|5000 list for four consecutive years, i4cp provides its extensive member network of leading global employers and government institutions with the research, peer collaboration, tools, and data essential to developing and executing workforce strategies and practices that deliver higher market performance. i4cp's 2016 Conference **Next Practices Now** will be held March 29 to April 1 in Scottsdale, AZ. Learn more [here](#).

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About Aspen Institute's UpSkill America



UpSkill America's coalition of business, education, and workforce training organizations is dedicated to helping more businesses expand our nation's talent pipeline by: recognizing leading employers that provide expanded opportunities for their workers; promoting the widespread adoption of business practices and policies that increase economic opportunity; and cultivating the education and workforce development efforts that support and advance those initiatives. UpSkill America's work is facilitated by the Aspen Institute Skills for America's Future, part of the Economic Opportunities Program.

For more information, visit upskillamerica.org

The Study

In support of The White House initiative to UpSkill America's low-wage and entry-level workforce, the Institute for Corporate Productivity (i4cp), in collaboration with the Aspen Institute's **UpSkill America**, surveyed 365 U.S.-based businesses to explore what they are doing to develop their frontline workers, as well as reveal the business impact of respective developmental initiatives or programs. The majority of the organizations surveyed employ frontline workers, with 52% employing more than 10,000 workers in total. Survey respondents included public, private, government, and nonprofit organizations. The following definitions were used:

- **Frontline workers:** Those whose education levels are generally at or below the associate degree level and whose median annual wages fall below \$40,000.
- **Development opportunities:** Designed to build skills, knowledge, and ability to advance an individual's prospects for the future (e.g., higher-skilled jobs and/or higher wages); includes both internal and external opportunities; includes both formal and informal development; not focused on compliance or health and safety training.

i4cp's **Market Performance Index (MPI)** was used in the Study to help identify development practices that correlate with high performance in the marketplace. The index is created by averaging responses about companies' revenue growth, market share, profitability, and customer satisfaction over time.

High-performance organizations (HPOs) are those in the top quartile of MPI scores.

Low-performance organizations (LPOs) are those in the bottom quartile of MPI scores.

The Call to Action

In his 2015 State of the Union address, President Barack Obama called on U.S. employers to adopt or expand additional measures to help frontline workers gain the training and credentials needed to advance into better paying jobs—including paying for college education, offering on-the-job training for career progression, and increasing access to technology-enabled learning tools. The following day, the **UpSkill America** initiative was launched.

*“Today we are partnering with business across the country to **UpSkill America**. To help workers of all ages earn a shot at better, higher-paying jobs even if they don't have a higher education. We want to recruit more companies to help provide apprenticeships and other pathways so people can upgrade their skills. We are all going to have to do that in this new economy.”*

— President Barack Obama



The Need

- **There is a mismatch between job openings and people looking for work:**

It is estimated that five million jobs in the U.S. are unfilled. At the same time, there are roughly 8.7 million Americans looking for work and 24 million frontline workers who might be able to fill these jobs if they were given the opportunity to develop additional skills.

- **Demand for middle skills is increasing:**

By 2017, an estimated 2.5 million new, middle-skill jobs (those that require post-high school education but not a four-year college degree) are expected to be added to the U.S. workforce, accounting for nearly 40% of all job growth. The challenge is making those opportunities known to the right people and providing training/reskilling opportunities to help people qualify for them. Further, between 2012 and 2022, about 20% of projected job openings are expected to be in occupations with annual earnings of over \$30,000, but that require less than a bachelor's degree.

- **Most adults with low skill levels are working:**

There are 36 million adults in the U.S. who score below level two on the Organisation for Economic Co-operation and Development's (OECD) international literacy assessment—meaning they cannot compare and contrast information or integrate multiple pieces of information. Though some of these adults may be unemployed because of their skill deficiencies, two of every three—about 24 million in total—are working.

- **Most low-wage workers have low skill levels, but many do not:**

There are about 24 million low-wage workers in the U.S. whose earnings (less than about \$28,000 a year) place them in the lowest 30% of earnings for all full-time workers. According to the OECD literacy assessment, there are 14.5 million workers who have low basic skills and make less than \$30,000 a year, showing there is some overlap between the lower-skilled and low-wage groups.

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HAVE LOW BASIC
SKILLS AND INCOME

Big Need, Bigger Opportunity

The overwhelming majority of organizations surveyed by the Institute for Corporate Productivity (i4cp) and the Aspen Institute employ frontline workers as defined in this study. Yet, it's clear from multiple sources of publicly available data that the skill level of those frontline workers is low, with a growing need to upskill this segment of the workforce to support future growth.

Acknowledging this need, the majority of organizations (89%) offer development opportunities to frontline workers. Additionally, nearly all of those organizations (98%) plan to maintain or grow development programs for these workers. However, most respondents (73%) indicate that they either don't know how many frontline workers take advantage of development opportunities or that their organizations don't track that metric.

The major problem is the large gap between strong employer intent and weaker follow-through. This is significant because when frontline workers take

The major challenge to upskilling frontline workers is the large gap between strong employer intent and weaker follow-through. This is significant because when these workers take advantage of development, it has a positive impact on market performance.

THOUGH

89%

OF ORGANIZATIONS OFFER DEVELOPMENT OPPORTUNITIES TO FRONTLINE WORKERS

73%

DON'T KNOW HOW MANY FRONTLINE WORKERS TAKE ADVANTAGE OF DEVELOPMENT

advantage of development opportunities, it has a positive impact on the market performance of the organization. While 76% of organizations provide dedicated resources (e.g., IT support, budget, staff) devoted to the development of frontline workers, most do not provide reinforcement mechanisms to ensure the utilization of development programs. This often stems from productivity concerns related to pulling frontline workers away from the job and is hindered by the all too common lack of defined career paths for frontline workers. Ultimately, this is reflected in the finding that 60% of respondents to this study do not view frontline worker development as a high or essential priority.

The right call to action, with a few critical caveats

This intention/execution gap related to frontline worker development is a concern from both the individual and organizational perspective; i4cp/Aspen Institute research on this issue reveals that workers who take advantage

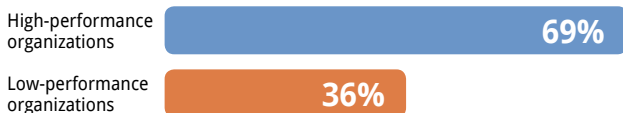
of development opportunities are usually rewarded with higher-skilled jobs and/or higher wages. Perhaps most importantly, frontline worker development has a positive impact on an organization's market performance, especially when it's tied to two distinct advancement initiatives.

Frontline worker development has the strongest impact on market performance when it's tied to two distinct advancement initiatives.

1. Advancing the corporate social responsibility aims of the company.

The study found that 69% of respondents from high-performance organizations (HPOs) perceive this as highly important compared to only 36% of respondents from low-performance organizations (LPOs). Overall worker engagement and the connection between how a worker feels about the company typically translates to discretionary effort on the job and will increasingly hinge on the workers' perception of the company's efforts to advance social good. Generational research conducted by i4cp shows that Millennials as well as the 70-million-strong generation that follows (Generation Z) want

HIGH MARKET PERFORMERS ARE **2X** MORE LIKELY TO VIEW CORPORATE SOCIAL RESPONSIBILITY AS HIGHLY IMPORTANT



Source: i4cp

meaningful work and to effect positive social and environmental change.

2. Providing career advancement/upward mobility opportunities to frontline workers.

Ideally, companies seek to promote from within and provide entry-level employees with the ability to move up in the organization—73% of survey participants from HPOs believe strongly that their companies are doing this vs. the 50% of those from LPOs. Global retailer Walmart, which operates 11,500 stores in 28 countries, is one such example of this practice.

HIGH MARKET PERFORMERS ARE **1.5X** MORE LIKELY TO PROVIDE ENTRY-LEVEL EMPLOYEES WITH THE ABILITY TO MOVE UP



Source: i4cp

"Walmart has always had a strong promote-from-within culture," says Brian Poland, Director, Lifelong Learning & Talent Development. "A full 75% of people are promoted from within, and our Pathways program assists with career development. Upskilling is really second nature to us. For example, it's not unusual at all to see a cashier promoted to a first-line supervisor, and then move up to first-line assistant manager and salaried manager. Personally, that's what happened to me. I've been at Walmart 24 years and I started in store operations."

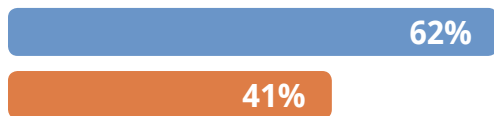
Clearly some corporate cultures place higher importance on promoting from within than others, but more companies need to examine their practices in this area.

THREE ORGANIZATIONAL INDICATORS HELP ENSURE THE UTILIZATION OF DEVELOPMENTAL PROGRAMS AND STANDOUT AS MOVERS OF BOTH UPSKILLING EFFECTIVENESS AND MARKET PERFORMANCE:

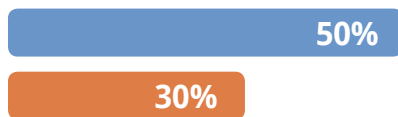
Frontline workers who take advantage of development opportunities are usually rewarded with higher-skilled jobs and/or higher wages



Most frontline workers take advantage of development opportunities



Supervisors are measured and rewarded for developing frontline workers



High-performance organizations Low-performance organizations

Source: i4cp

As mentioned earlier, a strong majority of employers (including 76% of HPOs and 69% of LPOs) provide dedicated resources devoted to developing frontline workers. However, this is simply the price of entry to frontline worker development effectiveness. Sadly, when those opportunities are in place, they are often overlooked by the very audience they were designed to help. In fact, of organizations that actually track how many frontline workers take advantage of development opportunities, most (58%) report that far fewer than one-half access or utilize them.

This seems counterintuitive given that 70% of the respondents to this study indicated that frontline workers in their firms who take advantage of development

opportunities are usually rewarded with higher-skilled jobs and/or higher wages. The disparity is explained in part by the fact that nearly six in 10 of these employers do not measure and reward supervisors and managers for developing frontline workers.

The importance of manager involvement

Involving frontline managers in the design, development, and execution of talent management activities is highly correlated to market performance (see i4cp's study, *Talent Management in the Trenches*). This makes sense due to their proximity to the majority of an organization's talent. They are in the best position to identify, direct, and develop the key talent who will contribute the most to the success of the business. In fact, that same i4cp study revealed the top three talent management (TM) processes in which involvement of frontline managers has the strongest relationship to market performance:

1. Leadership development
2. Employee/career development
3. High-potential development

While the gap between *does vs. should* is often pronounced, the key to closing it is very simple: hold managers accountable. But often, what happens in reality doesn't match with desired intentions. What's interesting to review are the talent management practices that frontline managers were *actually* involved with compared to those they *should* be involved with. The top five greatest gaps, in order:

1. Monitoring progress of individual development plans more than once or twice a year
2. Providing one-on-one coaching and mentoring
3. Verifying that training has achieved the desired outcomes

4. Identifying and recommending rotational or cross-training assignments
5. Providing appropriate development experiences for those with the potential to move into key roles

Manager accountability: A missed opportunity in frontline worker development

The relationship between employees and their immediate supervisors is arguably the most important one within any organization. This reinforces one of the most significant trends among high-performance organizations: an emphasis on line manager accountability for the development, engagement, and performance of the workforce. Frontline managers are the individuals closest to the majority of the workforce and are relied upon to effectively manage an increasingly complex network of workers that include both full-time and part-time employees as well as non-employees.

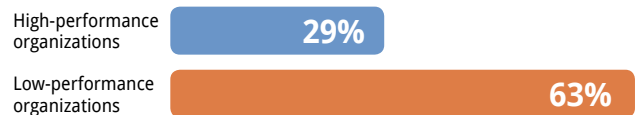
"Our managers are aligned with our learning and credentialing efforts to support our business objectives," explains Kimo Kippen, Chief Learning Officer and Global Talent Development Leader & Brand Ambassador at Hilton Worldwide.

"By aligning credentialing with learning, and learning with business outcomes, we find that our managers

understand the importance of supporting the talent development of all of our team members."

While high-performance organizations often understand the importance of managers in this equation, many companies don't make the effort and pay the price. Not measuring or tracking manager effectiveness at developing frontline workers has a strong negative influence on the organization's market performance, and is pervasive among low-performance organizations (63% vs. 29% of HPOs). Not surprisingly, 83% of these lower-performers have no formal mechanism or process for rewarding supervisors for developing frontline workers.

LOW MARKET PERFORMERS ARE **2X** MORE LIKELY NOT TO MEASURE OR TRACK MANAGER EFFECTIVENESS AT DEVELOPING FRONTLINE WORKERS



Source: i4cp

The question of what to measure, however, often becomes an internal debate. The most popular metric assigned to frontline worker development is also among the most relevant to measure: employee engagement. Over three-quarters of high-performance organizations track this compared to just half of their low-performance counterparts. It's easy to project why engagement and the tracking of it is associated with better-performing

One of the most significant trends among high-performance organizations is an emphasis on line manager accountability for the development, engagement, and performance of the workforce.

companies: better customer interaction. In fact, 83% of respondents indicate that an objective of frontline worker development is providing a better experience for their customers.

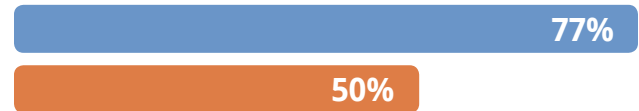
83% OF RESPONDENTS INDICATE THAT AN OBJECTIVE OF FRONTLINE WORKER DEVELOPMENT IS PROVIDING A BETTER EXPERIENCE FOR THEIR CUSTOMERS

Of all representatives of an organization, frontline workers are often the most closely in touch with the customer. According to The White House Report on Upskilling, almost 40% of low-wage workers are working in three industry groups in which customer interaction is key: health care and social assistance, retail trade, and accommodation and food services. Workers with low-skill levels are likely to be employed in these industries and tend to have jobs in service roles such as personal and home care aides, cashiers, cooks, food servers, and front desk personnel.

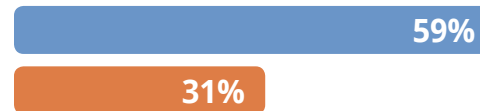
The importance of a highly engaged frontline workforce must not be overlooked or underestimated. As a result of being more aligned to the employer's purpose, culture, and goals, common sense tells us that highly engaged workers are less likely to miss or quit work, and are more likely to refer friends to the organization, the latter of which is often cited as the top source of quality hires. Unfortunately, just over one-third of LPOs don't formally measure frontline worker development. On the other hand, HPOs are much more likely to measure frontline worker development in terms of the absenteeism and attrition of these workers, as well as employee referrals from this worker segment.

HIGH MARKET PERFORMERS ARE UP TO **2.5X** MORE LIKELY TO MEASURE THE FOLLOWING:

Engagement



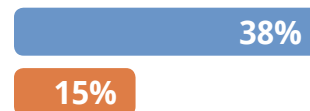
Attrition



Absenteeism



Referrals



Informal/Don't measure



High-performance organizations Low-performance organizations

Source: i4cp

Misalignment among those that do measure

While measurement is important, it can be tricky. And while many organizations don't measure supervisor effectiveness at developing frontline workers at all, those that do are often measuring the wrong things. Among those that do measure, i4cp research shows that the two most popular measurements are:

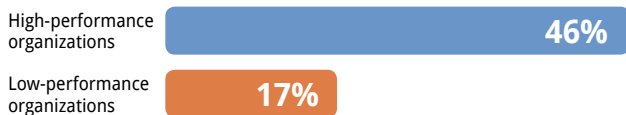
- **Frontline worker retention: 44%**
- **Individual productivity improvements: 39%**

However, only two measurements correlate to market performance:

- **Number of workers taking advantage of tuition assistance benefits: 28%**
- **Number of workers advancing to higher-skilled and higher-paid positions: 7%**

Line leaders should encourage their workers to take advantage of development activities and the company-provided programs that aid in that endeavor, and then follow through with opportunities for advancement to those who both contribute to the company and invest in themselves. While only one-third (34%) of organizations reward line leaders who do so via compensation and/or promotion, these practices are 2.5X more prevalent at high-performance organizations versus low-performance organizations (46% HPOs vs. 17% LPOs).

HIGH MARKET PERFORMERS ARE **2.5X** MORE LIKELY TO REWARD LINE LEADERS WHO ENCOURAGE WORKER DEVELOPMENT WITH COMPENSATION AND/OR PROMOTION



Source: i4cp

But if we know what should be getting done, why aren't frontline managers already doing it? Typically, frontline managers:

- **Have too many conflicting responsibilities and limited bandwidth**
- **Are not provided with the proper training to carry out these activities to the extent required**
- **Don't receive the support from HR needed to play their role in the process**
- **Are not incentivized or held accountable for these activities in performance appraisals**

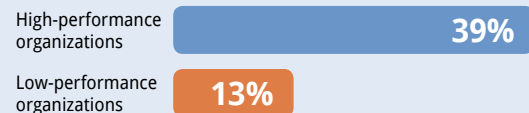
Next Practices

i4cp defines next practices as those that are highly correlated to market performance but are not in use at many organizations. Three practices met this criteria, two related to measurement and one related to accountability.

Measurement:

Only two measurements correlate to market performance:

Number of workers taking advantage of tuition assistance benefits



Number of workers advancing to higher-skilled and higher-paid positions



Accountability:

Tie the development of frontline workers to the manager/supervisor's compensation*



*Excluding promotions

Source: i4cp

HR professionals can make a tremendous impact on the business by providing the training, time, and other supportive resources necessary to help get managers engaged in talent activities. While this involvement at times requires time away from the job, there are also typically external educational opportunities available to the front line through tuition reimbursement and assistance.

Tuition reimbursement and assistance

Tuition assistance is a traditional and relatively easy way employers have offered development opportunities to employees for decades. Today, 82% of employers report that they offer frontline workers the opportunity to participate in outside educational offerings for which the employer pays or reimburses the employee.

Policies regarding tuition assistance vary widely among organizations and employee levels, with frontline workers often having the most restrictions within a company. The research revealed that while on average, 42% of frontline workers are eligible for tuition assistance within six months of fulltime employment, most (54%) aren't eligible until between six and 12 months. Clearly high turnover on the front line concerns employers, and many try to ensure that a worker has been with the company for a period of time before beginning reimbursement.

While 82% of organizations also indicate plans to maintain their existing tuition assistance programs in the year ahead, there is significant room for tuition reimbursement

82% OF EMPLOYERS
OFFER TUITION ASSISTANCE
TO FRONTLINE WORKERS

42% DO SO WITHIN SIX
MONTHS OF FULL EMPLOYMENT

54% DO SO AFTER SIX-TO-12
MONTHS OF FULL EMPLOYMENT

growth among companies. A third of organizations surveyed don't offer any reimbursement, and over half require full repayment if the individual leaves within 18 months of accepting tuition assistance. Some companies, however, establish external partnerships in order to communicate and make the process easier for frontline workers. One example is Walmart.





Brian Poland

Lifelong Learning & Talent Development
Walmart

Upskilling in Action:



Walmart has invested in external educational opportunities for its workforce. They've done so through a series of programs, available to almost all associates, anchored by key partnerships. The ability to quickly move up in the organization and participate in numerous educational programs is often cited among reasons why so many frontline workers flock to be employed at the retail giant.

In February of 2015, Walmart announced a package of changes to drive opportunity within the Walmart U.S. business. That package includes increased pay, the new Pathways training program, and increased educational benefits.

"When we survey our associates, three out of four will say they are interested in more education. Since 2010, we really have stepped up our external educational offerings to upskill our workforce," explains Brian Poland, Director, Lifelong Learning & Talent Development at Walmart.

"We officially kicked off our college efforts in the summer of 2010. During the economic downturn in 2008, we had many requests from associates on post-secondary opportunities for themselves or for their family members. These requests weren't just coming from 18 or 20-year-olds; they were often coming from associates that had been with the company for over a decade."

This wasn't due to a lack of internal training and development opportunities, says Poland.

"Many times the associates looking for higher education wanted a different career pathway within Walmart but weren't sure how to attain it."

Rather than attempt to work with a wide variety of higher educational institutions, Walmart sought out a partner it could work with directly to create specific programs, choosing American Public University (APU). "We selected APU as our education partner because of the university's value-oriented approach and dedication to student success. Our goal in this partnership was to bring down the time and cost of a degree."

APU is one of the largest providers of online higher education offering more than 190 academic programs with more than 100,000 students enrolled worldwide. Courses are online, start monthly, and are offered in eight or 16-week sessions. APU is also cost effective. It is roughly 20% less for undergraduate and 33% less for graduate students than the average in-state rates at a public university.

"Walmart provides a 15% tuition grant, which is available to all associates and eligible family members," says Poland. "Degree-seeking associates and eligible family members are provided required text books and materials at no charge with the company-provided book grant. Walmart leads the retail industry in offering free and low cost college credit for workplace learning. This reduces both the time and cost of earning a degree. For example, qualified store managers earn 33 hours of college credit for demonstrating the competencies they have gained. There are hundreds of different credit packages available for associates to help build careers."

“Walmart provides a 15% tuition grant, which is available to all associates and eligible family members.”

— **Brian Poland**

Poland reminds us, however, that external education opportunities aren't all about higher education.

"While there has been a lot of media attention on college credits and degrees, it's important to note that Walmart also fully funds an online high school or GED for all associates. This program helps make the pathway to college clearer for our people."

The program is a continuing legacy of Walmart's founder's family. "Sam, and then Rob Walton were always big supporters of associates completing high school," says Poland. "To continue this support, today when someone graduates with their online high school diploma or GED, our Chairman, Greg Penner still sends a personal letter congratulating them. If associates complete the required GED study program, our program offers a test pass guarantee and an incentive platform to drive success. Now we're looking at additional credentials employees can earn through different industry associations. We're constantly trying to provide new opportunities for associates."

One of those opportunities resolves around language training.

"Within Walmart, there are associates who are very productive but have limited English skills," explains Poland. "So we rolled out a free English as a Second Language (ESL) program through Rosetta Stone and provide referrals to local literacy centers. While we thought that was a great thing, our early success with ESL created an immediate request from our English-speaking associates to gain access to other language learning programs. So we expanded the Rosetta program to allow any associate the ability to learn any language that is available through Rosetta's programs at no cost.

Through our development programs, like Lifelong Learning and Pathways, we provide skill-building opportunities for associates that allow associates to move from entry-level to middle-skill, and beyond. Increased skills and awareness of retail career opportunities allows our associates the chance to climb the ladder of opportunity that myself and so many other Walmart associates have benefitted from in our retail careers.

The benefit of all of these programs allows Walmart to contribute in a meaningful way to the upskilling of our associates. Our associates have tremendous potential to grow their careers in retail and many of them are already upskilling themselves through these programs. I am confident more and more companies will expand their upskill initiatives the same way, and integrate traditional training & development efforts with expanded external education opportunities."



Rob Lauber
Chief Learning Officer
McDonald's

Upskilling in Action:



McDonald's®

For many years, McDonald's has been at the forefront of providing education and training opportunities to employees. This effort is showcased in programs such as Hamburger University, which was founded in 1961 and is arguably the most famous corporate university in existence. Through Hamburger University, McDonald's provides a unique management curriculum that is now taught in 28 languages. They also have been offering a range of scholarships and college partnerships, and most recently added a new series of education programs called Archways to Opportunity.

McDonald's Archways to Opportunity team collaborated with Cengage Learning on high school completion through Career Online High School (COHS), and initially began this initiative at non-franchised restaurants. As part of the company's broader education strategy to upskill front-line workers and entry-level managers, McDonald's decided to expand COHS beyond corporate-owned restaurants. Now, every eligible U.S. McDonald's employee in corporate and franchise restaurants will have access to Career Online High School at no cost. Archways to Opportunity also helps individuals learn English language skills or complete an Associate's or Bachelor's degree through access to tuition assistance, free education advising services, and transferable college credit from McDonald's training courses.

"We believe this is a smart investment in our workforce, enabling thousands of employees to expand their education and skills for advancement in the workforce," said Rob Lauber, McDonald's Chief Learning Officer. "Representing a part of our broader education strategy, we've learned to tap into the extraordinary potential of employees with innovative programs such as Career Online High School, and we actively encourage other organizations to join us in our upskilling efforts to their employees. As we've witnessed firsthand, we believe this exercise in servant leadership will pay huge dividends for employees now and excitingly, well into the future."

"We believe this is a smart investment in our workforce, enabling thousands of employees to expand their education and skills for advancement in the workforce."

— Rob Lauber



Apprenticeship Programs

Registered apprenticeship programs are an effective model for building skills and creating pathways to career advancement opportunities. Nearly nine out of 10 apprentices are employed after completing their apprenticeships, with an average starting wage of over \$50,000. Apprenticeships have also been shown to increase a worker's lifetime compensation by over \$300,000 compared to their peers.

Apprenticeship is alive and well in many organizations today, as evidenced by the more than 19,000 registered apprenticeship programs meeting the Department of Labor's standards nationwide. Last year, over 1,600 new apprenticeship programs were established nationwide and more than 170,500 individuals entered the apprenticeship system. Nationwide, there are about 415,000 apprentices, and over 44,000 participants graduated from the apprenticeship system during the most recent year.

Despite these numbers, apprenticeship is still underutilized as a developmental opportunity. Today, 33% of employers offer some form of apprenticeship

33% OF EMPLOYERS
OFFER SOME FORM OF
APPRENTICESHIP PROGRAM

HIGH MARKET PERFORMERS ARE
4.5X MORE LIKELY TO START OR
EXPAND APPRENTICESHIP PROGRAMS

program, but only 14% have registered apprenticeship programs via the U.S. Department of Labor. Of all companies, 36% plan to either maintain or grow their existing apprenticeship program and an additional 10% plan to explore or start a program.

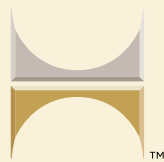
Most organizations (55%), however, have no plans to offer either form of apprenticeship program over the next 12 months. But, it's clear that high-performance organizations value apprentice programs far more than low-performance companies. High-performance organizations are 4.5X more likely to indicate they plan to grow their existing apprenticeship program or start one.



Kimo Kippen

Chief Learning Officer and Global Talent
Development Leader & Brand Ambassador
Hilton Worldwide

Upskilling in Action:



HILTON WORLDWIDE

Hilton Worldwide is one of the largest and fastest growing hospitality companies in the world, with more than 4,500 hotels, resorts and timeshare properties in 97 countries and territories. Founded almost 100 years ago, the Hilton portfolio of 12 brands includes Waldorf Astoria, Conrad, DoubleTree by Hilton, and Embassy Suites by Hilton.

Kimo Kippen is Hilton Worldwide's Chief Learning Officer and Global Talent Development Leader & Brand Ambassador. Kippen was also recently named "Chief Learning Officer of the Year" by *Chief Learning Officer* magazine. He's understandably proud of Hilton's initiatives to upskill the frontline workforce.

"Hilton Worldwide University (HWU) continues to provide access to development opportunities through hotel-based modular programs, eLearning and partnerships with leading educational institutions," says Kippen. "Team Members consumed nearly two million eLearning courses in 2015. In 2010, eCornell and HWU first established a partnership to offer a selection of online learning opportunities for senior executives. This type of content as well as other leadership development opportunities has resulted in internal promotions that have accounted for 10% of the Senior Leadership Team and 11% of the Vice Presidents through the company in 2015."

"Our talent development and upskilling programs are usually initiated by Human Resources, Corporate Social Responsibility or Learning; however, in all cases, learning supports these programs as required."

While the internal programs are robust, Hilton Worldwide is equally focused on external opportunities.

"Hilton Worldwide recently announced a three-year partnership with the International Youth Foundation to connect the world's 75 million unemployed young people with opportunities in the hospitality industry," explains Kippen.

Support isn't just limited to more advanced educational levels.

"In 2015, Hilton Worldwide announced a new benefit that provides Team Members in the U.S. with the opportunity to earn their high school equivalency through a GED Assistance program. The program, developed in partnership with CAEL, is offered to all U.S.-Team Members with six months of service and in good standing. "This opportunity includes coaching and other types of support and comes at no cost to the Team Member," said Kippen.

"Team Members consumed nearly two million eLearning courses in 2015."

— **Kimo Kippen**

Upskilling in Action:



Newport News Shipbuilding A Division of Huntington Ingalls Industries

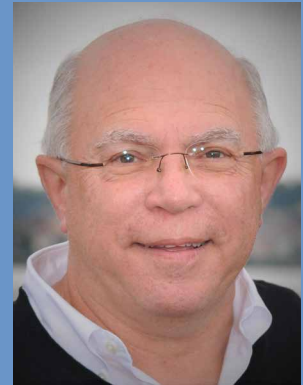
A division of Huntington Ingalls Industries since 2011, 130-year-old Newport News Shipbuilding has built some of the most famous ships in U.S. naval history. While many may perceive manufacturing to be dominated by low skill and low-wage workers, that is not the case at Newport News Shipbuilding (NNS). For most of its storied history, NNS has been at the forefront of developing highly skilled craftspeople.

A cornerstone of NNS's talent development strategy is the organization's nationally acclaimed apprenticeship program. This program offers tuition-free training in a wide variety of shipbuilding disciplines, from welding and rigging to dimensional control and nuclear testing, and accepts graduates from high schools, community colleges, as well as four-year universities and colleges. Currently, 44% of Newport News Shipbuilding's production leadership team members are graduates of this program.

The Apprentice School at Newport News Shipbuilding in Virginia was established in 1919 and currently offers four- to eight-year apprenticeships in 19 trades and eight optional advanced programs. The program focuses on three "ships": craftsmanship, scholarship, and leadership.

Critical to the program's longevity and success are the collaboration and partnership between NNS, local, state and federal governments, and community colleges. The academic coursework is, in effect, an associate degree program. The school also offers the opportunity to earn a bachelor's degree in either mechanical or electrical engineering at Newport News.

Today, the company has many senior leaders actively engaged in national, state, and local organizations focused on workforce development. This includes partnering with community colleges and technical high schools to develop trades-based curriculums and build a pipeline of talent for NNS. It also involves investing in science, technology, engineering, and math (STEM) education in K-12 schools.



John Shifflett
Director Leadership and
Organizational Development
Newport News Shipbuilding

The Apprentice School at Newport News Shipbuilding currently offers four- to eight-year apprenticeships in 19 trades and eight optional advanced programs—44% of their production leadership team members are graduates of this program.

Developing America's Frontline Workers

Apprentices are NNS employees upon acceptance into the program and are paid for a 40-hour week, which includes time spent in academic classes. A first-year apprentice at NNS makes more than \$35,000, and automatic raises are built in over the life of the apprenticeship. The company also pays for their college tuition and books. Average annual earnings for a first-year apprenticeship program graduate is \$58,000.

Graduates from the program move into a journeyman role at NNS during which time they gain greater mastery of skills and learn to lead a crew on their own. After three to four years in that role, many then move into supervisory roles. More than 80% of Newport News graduates remain with the company after 10 years of service.

The success of its apprenticeship program has resulted in high demand among applicants, and equally high selection standard. Posits John Shifflett Director Leadership and Organizational Development at Newport News Shipbuilding, "It used to be that educators, moms and dads, and guidance counselors would say 'if you don't do well in school, you'll end up in that manufacturing job.' I envision a future where the tone will change to 'if you do well enough in school, you may be able to qualify for that manufacturing job'".

"I envision a future where the tone will change to 'if you do well enough in school, you may be able to qualify for that manufacturing job'."

— John Shifflett





Conclusion and Recommendations

This i4cp/Aspen Institute research shows a high correlation to bottom-line business impact when frontline workers take advantage of development opportunities. Yet, a large gap exists at most organizations between what is being done and what should be done to ensure the development of this critical worker segment. In many instances, frontline workers provide the most direct link between an organization and its customers. Further, as the demand for newer, more up to date skill sets continues to accelerate, the ongoing development of these workers must be prioritized, promoted, and reinforced. The following four recommendations will help all organizations to drive increased market performance via greater upskilling effectiveness.

Four recommendations

1. **Enhance internal communications on developmental opportunities**

Make sure frontline workers are fully informed about the opportunities for career growth both inside and outside the company. Companies should not only provide detailed information about how to obtain needed skills, but how the company provides financial assistance and flexible work arrangements so that employees can find the time to pursue those opportunities. This should start in orientation and continue to be regularly reinforced by managers and HR at the departmental level.

As the demand for newer, more up to date skill sets continues to accelerate, the ongoing development of these workers must be prioritized, promoted, and reinforced.

2. Enforce manager accountability

It's important for companies to equip and hold managers accountable for the development of frontline workers, but it's also important to involve them in the design, development, and execution of talent strategies. Companies need to be clear on the positive business impact of frontline worker development, provide the support mechanisms to reinforce this, and measure it through the performance review process and reward (or hold accountable) managers accordingly.

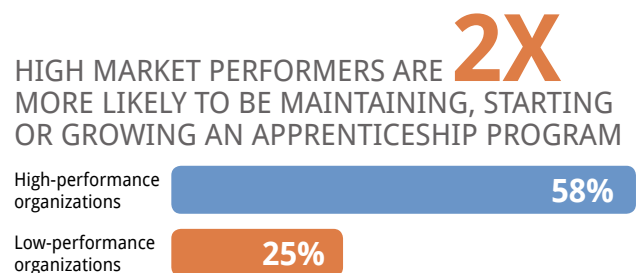
3. Accelerate tuition assistance programs and provide external educational opportunities

U.S. companies collectively spend roughly \$16.5 billion per year on education benefits that allow workers to continue their educations, earn degrees or credentials while working, or to return to school. Several companies have taken tuition assistance and reimbursement a step further by partnering with higher educational institutions, private education companies, and others that assist with providing GED programs. Employers should strive to make tuition assistance and reimbursement widely available to their workforces with few restrictions based on tenure or title. Yet, while 82% of employers offer some form of tuition assistance, most frontline workers (54%) aren't eligible until between six and 12 months on the job. Employers should rethink tuition assistance eligibility as a means to encourage employees to learn new abilities and skills so as to deliver more innovation faster, and measure the percent of frontline workers who take advantage of such programs.

4. Provide formal apprenticeship opportunities

On-the-job training at most companies is a combination of formal and informal training, which often includes a combination of instructor-led training, e-learning and on-the-job training. Apprenticeships are considered the gold standard for on-the-job training—nine out of 10 apprentices are employed after completing their apprenticeship, with an average starting wage of over \$50,000.

Apprenticeships have proven to be a reliable source of highly skilled and loyal workers for employers, and also been shown to increase a worker's lifetime compensation by over \$300,000 compared to their peers. Whereas 75% of low-performance organizations indicate no plans to offer any form of apprenticeship program, the data suggests that nearly six in ten HPOs (58%) plan to maintain, grow, or start one.



Source: i4cp

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