



# Work: no longer business as usual

A look at the future of  
our working world

# The world of work is changing



## A note from Kelly Grier

What will workers most value in their future employers? How will employers expect employees to conduct themselves? Will work look different to us in 5 years? Or 10? Employees and employers agree: Changes and challenges lie ahead.

In the fall of 2012, Ernst & Young LLP's Chicago office conducted an online survey of 600 white-collar professionals in the city. We designed our survey to explore people's attitudes and expectations about the future of work. We sought to understand their preferences as well, including how technology affects their work style, how and where they want to work, and what benefits they think are important.

Some findings support commonly held beliefs. For example, respondents confirmed that businesses will continue to move to downtown Chicago. People also want and expect more flexibility in how and where they work.

Other findings challenge conventional wisdom. We learned that millennials are more loyal to employers and value security more than older workers. And a majority of respondents believe contract work will be more prevalent in the future, even though these same people don't show a desire to take on contract work.

These and other results raise important questions for the future of work. How will companies increase flexibility without compromising productivity? How will companies maintain employee loyalty when using contractors has strong appeal? How will companies provide attractive benefit packages in tough economic times?

To remain competitive, organizations must seek answers. And that's what we did. We're profoundly interested in the future of work and how it will take shape in this great city – and beyond.

We hope you find our report thought-provoking, and we look forward to continuing the conversation.

Kelly Grier

Chicago Managing Partner  
Ernst & Young LLP

# What will the future of work look like?

This survey explores what people expect to find in the workplace of the future. We wanted to learn whether different generations have different expectations of their employers, whether continuing economic uncertainty prompted new thinking about employment, and whether work schedules and workplaces would change due to technology and the need for greater work-life balance.

We also wanted to learn people's expectations about the future of Chicago as an employment hub. Would companies and jobs continue to move into the downtown area? Or would employees' desire for greater flexibility inhibit that movement?

Our participants explored these questions in depth, and Chicago-based business leaders, city officials and academics lent their perspective.

## Key findings

- ▶ People want and expect the flexibility to work on their own schedule and where they choose. Respondents acknowledge that technology enables this trend.
- ▶ Respondents expect contractors to have an increasingly prominent role in the professional economy in the next 5 to 10 years. Sixty percent agree that employers will use more contractors in the future.
- ▶ Younger workers value security more than older workers. Millennials and generation Y put job security, health insurance and other benefits at the top of their list of desired characteristics in an employer.
- ▶ More than two-thirds of respondents expect employee and employer loyalty to decrease over time.
- ▶ Survey respondents almost unanimously agree that downtown Chicago will continue to attract more companies.

**30%** of office workers expect to be working from home in 5 to 10 years.

**48%** think contractors will become MORE important than full-time employees in 5 to 10 years.

**60%** of millennials expect to work for just 3 to 6 companies during their careers.

**69%** share the opinion that employees will be less loyal to organizations.

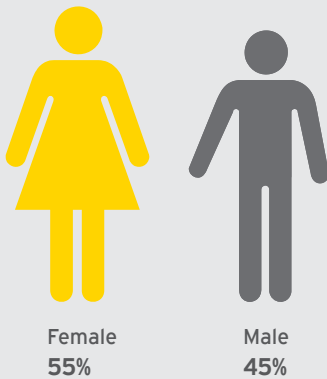
**78%** think corporations will continue to move operations to downtown Chicago.

# Demographics

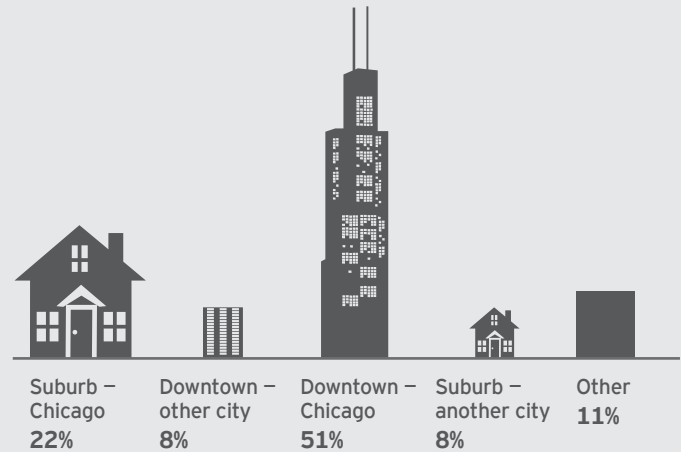
Our 600 respondents hailed primarily from Chicago and included members of the Chicago business community, attendees and followers of Chicago Ideas Week 2012, and former Ernst & Young employees. We also interviewed local business leaders, city officials and academics to help put the results in context. Respondents represented a myriad of industry sectors, including communications/media, professional services, real estate, health care, nonprofit, IT and manufacturing, among others.

Millennials: 26 and younger | Generation Y: 27-34 | Generation X: 35-47 | Baby boomer: 48+

## Gender



## Workplace location



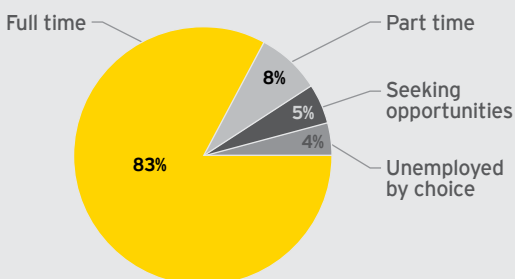
## Number of employees



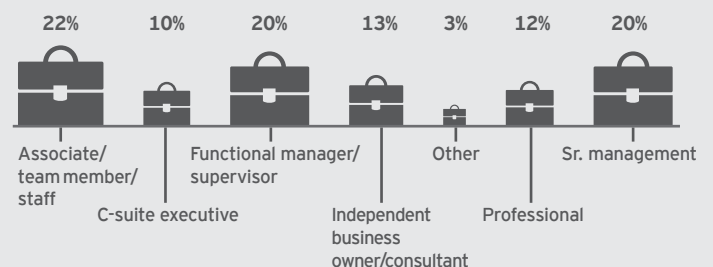
## Age group



## Current employment status



## Job role



# Flexibility wanted. Technology required.

Technology will allow for greater flexibility in hours and work location. It will also both help and hinder collaboration.

Workplace flexibility is becoming a given for employers and employees. To today's white-collar employees, it will come as little surprise that almost all respondents (96%) consider flexible hours either very important or somewhat so. However, flexible hours don't necessarily mean fewer hours. Two-fifths (41%) suggest that part-time employment opportunities are not important.

Our survey also told us that:

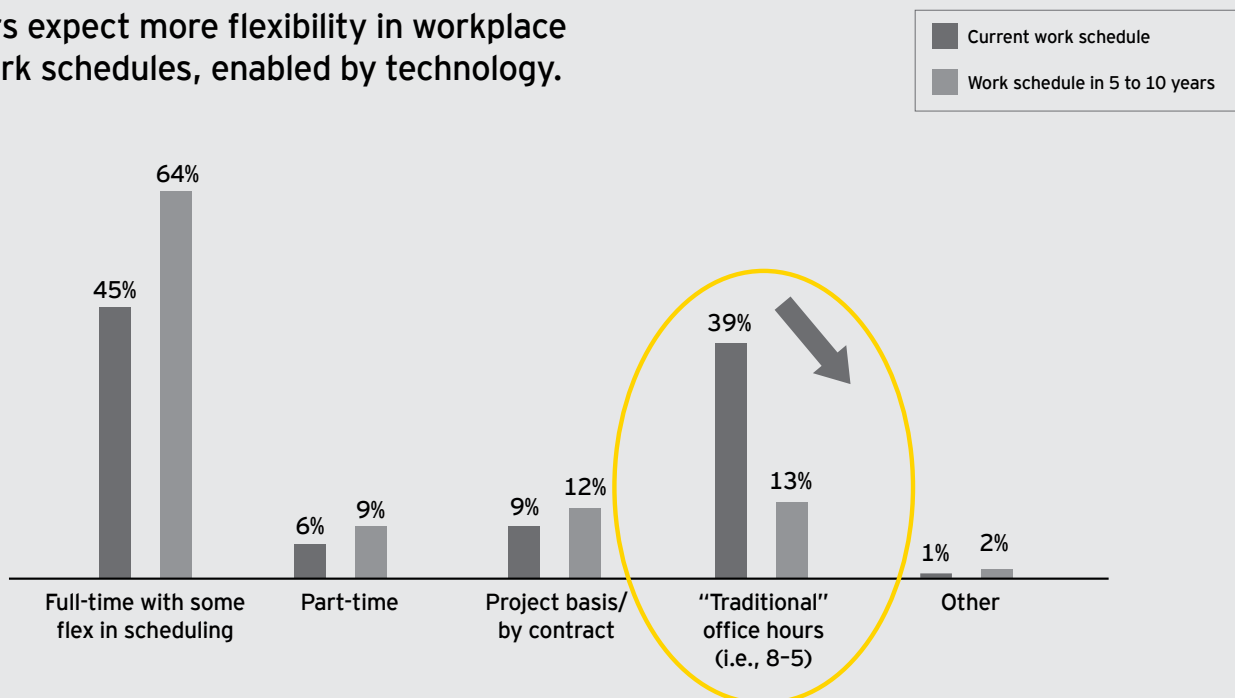
- ▶ More than 30% of office workers expect to be working primarily from home in the next 5 to 10 years.
- ▶ Of those who currently work traditional office hours, 67% believe they will work a more flexible schedule in the future.
- ▶ More than two-thirds (68%) do not believe organizations will favor having their workers in an office over having them work virtually. This suggests white-collar employers and employees need to be ready to embrace virtual working arrangements.

Several groups of respondents were more likely to prefer working in non-traditional places and performing work on a flexible schedule. These groups included respondents who work for smaller companies, as well as female workers. Those who believe technology will be increasingly important and those who view global work opportunities as important also strongly correlate to those preferring flexible work arrangements.

**Survey respondents' idea of work-life balance does not mean they expect to work fewer hours. Two-fifths (41%) suggest that part-time employment opportunities are not important.**

J. Keith Murnighan, Professor of Risk Management at the Kellogg School of Management, believes offering workers more flexibility will benefit employers as well. "If you start reducing constraints on where people work and when they work, it might actually help you focus on what they accomplish, which is much more important than how long it takes them to accomplish it," he says.

## Workers expect more flexibility in workplace and work schedules, enabled by technology.



“People want flexibility and a less hierarchal approach to what needs to be done. When most people choose what they want to do and where they want to work, it’s usually in a collaborative place. They want to be able to work at home, but they don’t want to be at home five days a week.”

**Michael Alter**, The Alter Group

However, Ed Noha, Senior Vice President of Strategy at Jones Lang LaSalle, suggests that the implications of preparing for and managing workers’ flexible work arrangements need to be carefully considered. “If organizations push too hard and too fast without effective change management around mobility and flexibility, some employees may need additional face-to-face mentoring, training or coaching,” he observes.

### Teaming in a virtual world

As the number of virtual workers increases, will teaming be lost? Business leaders and academics strongly agree that face time will still be important for some team-based activities, while technology will offer new opportunities for collaboration.

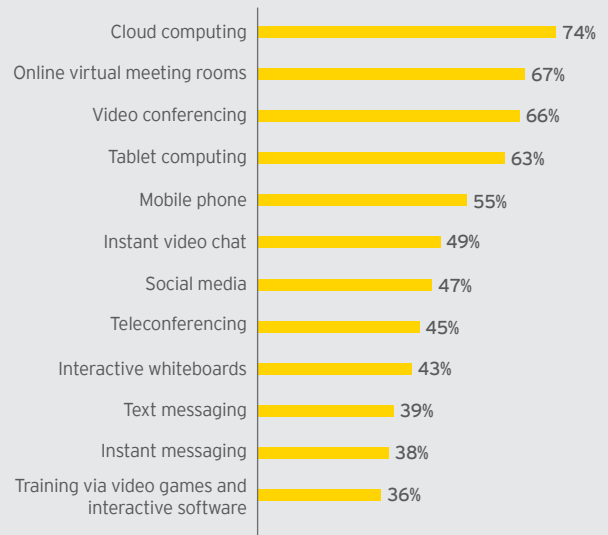
Brad Keywell, Managing Partner and Co-founder of venture fund Lightbank and a Co-founder and Director of Groupon, is unequivocal about the value of working closely with colleagues. “Small teams get a lot done and big teams generally don’t,” he says. “And for small teams, the closer the proximity, the better the work that gets done – the best case is when they’re in one room together.”

Mindy Mackenzie, Chief Human Resources Officer at Beam Inc., shares Keywell’s point of view and says there is a greater degree of productivity when teams are physically present. “Magic can happen when you get the right people in a room, solving a big problem. It is harder when you’ve got video screens going, and you’ve got a person sitting in Madrid, some sitting here and people calling from home, because you lose something in the translation,” she says.

Robert C. Wolcott, Founder & Executive Director of the Kellogg Innovation Network (KIN) at the Kellogg School of Management, sees the opportunity for more collaboration in a virtual world, not less. “Instead of saying how do we mimic what we do face-to-face, recognize that there are so many more things we can do,” he says. “New things that we couldn’t do before. New capabilities and ways of working that are accretive and complementary to what we can accomplish face-to-face.”

Respondents agree with Wolcott’s assessment. They think technology that helps bridge the gap between flexible work

**% of respondents citing technology as becoming “more important” in the next 5 to 10 years**



arrangements and the benefits of face-to-face interaction will become more important. Almost one quarter (24%) said video conferencing is very important now, and 66% agree it will be more important in 5 to 10 years. The trend is similar for virtual meeting rooms. While 31% think this technology is very important now, 67% say it will become even more important in the future.

Achieving the right balance between virtual and physical interaction will be one of several new leadership challenges that lie ahead. Greg Elliott, Senior Vice President of Human Resources and Administration at Navistar, Inc., suggests that managers and leaders will be challenged to find new ways to collaborate and assess talent. He says that trying to assess leadership in a virtual world is different from trying to assess it in a physical world. “When you’re in a meeting where everyone’s physically present, you can watch the leader in terms of whether he or she can connect with the team,” he says.

Working in their own space? Perhaps. On their own time? Possibly. But some things won’t change. Teaming, interaction and strong leadership will still be critical.

# A workforce of free agents?

Half of our survey respondents anticipate contract work to increase at the expense of full-time employment. The leaders we spoke to disagree.

What types of job growth will we see in the future? Will full-time opportunities continue to grow? Do our current work arrangements suggest that contract work will begin to supersede full-time employment?

Survey respondents expect contractors to have an increasingly prominent role in our economy. Those holding this belief tend to be older, and they tend to work in smaller, less traditional types of companies.



Almost half of respondents (48%) believe contractors will become more important than full-time employees in the future. Respondents articulating this correlate highly with those in management consulting or independent business roles. At the same time, this correlates strongly with respondents who doubt that employers will continue to offer pension and health plans in the future. This could be a reflection of a persistently challenging economy.

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**Almost 40% of respondents do not believe employers will provide ample opportunities for traditional jobs with benefits in the future.**

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Almost two-fifths of those surveyed don't think employers will provide ample opportunities for traditional jobs with benefits in the next 5 to 10 years. The conviction of some Chicago-based leaders, however – particularly those who work at large employers – runs counter to the survey responses. There certainly is a role for contracting in the future, says Navistar's Elliott, but it's not exclusively heading that way. "When we make labor more variable and flex with demand," he says, "it helps our business."

Elliott believes certain roles at a company require core competency, continuity and institutional knowledge; other roles are better suited to a contractual relationship. He continues, "I wouldn't be surprised to see more people become free-agent contractors who will be part of the equation when demand peaks."

Elliott's perspective is leavened by his awareness that while people certainly work differently today and desire flexibility, they also need full-time jobs. And companies need top performers, says Mackenzie, who is also skeptical of the premise that contracting will surpass full-time work. She believes business strategy should dictate hiring decisions.

Mackenzie says the more flexible and open-minded a company can be with regard to workers' preferences and work habits, the more competitive it will be. "It's an employer's responsibility to create a smart balance and let the strategy of the company drive the culture that's required to satisfy the consumer and customer demand," she says.

Achieving that balance means having a people strategy predicated on the needs of the business, as well as what employees want, Mackenzie says. She also believes businesses must build a culture and vision that are attractive to the employees they want. Making decisions about talent might mean offering flexibility, but, she says, businesses still very much need full-time employees.

Michael Alter, President of The Alter Group, agrees that contract work has its place in today's economic climate, but not at the expense of traditional workers. He says that

contracting is a nice, temporary fix for some of the things going on in the world right now. But in his opinion, people are craving more stability, not less. "While they want flexibility, I think most people would like nothing more than having a full-time job with a company that they really love working for," Alter says.

Survey respondents agree. They express a strong desire for salaries, stability and traditional benefits – even those who are just starting their careers.





# || Show me the money (and the benefits)

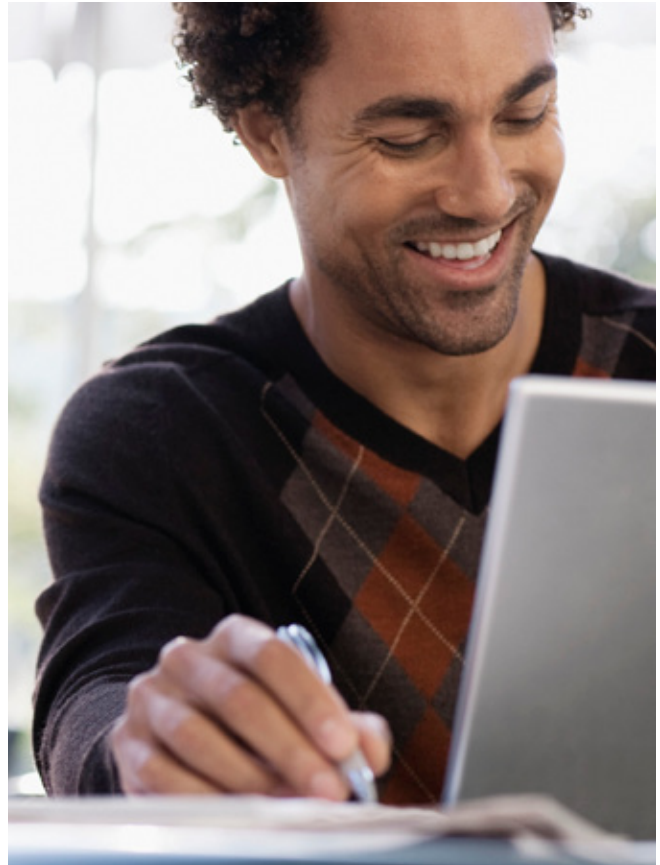
Younger workers – specifically millennials – value job security more than their older counterparts.

One might expect younger workers to be more entrepreneurial and attuned to risk-taking. They are conversant with technologies that allow remote and flexible work styles; they are comfortable with non-traditional working environments.

As the Chicagoland Entrepreneurial Center and 1871's President and CEO Kevin Willer puts it, young people usually have the best risk profile to become an entrepreneur or to join a start-up company right after graduation. "Start-up companies tend to be high risk, but the younger you get into such an environment, you get to wear a lot of hats ... And you also have an upside if the company does well, the chance of making a great deal of money at a young age," he says.

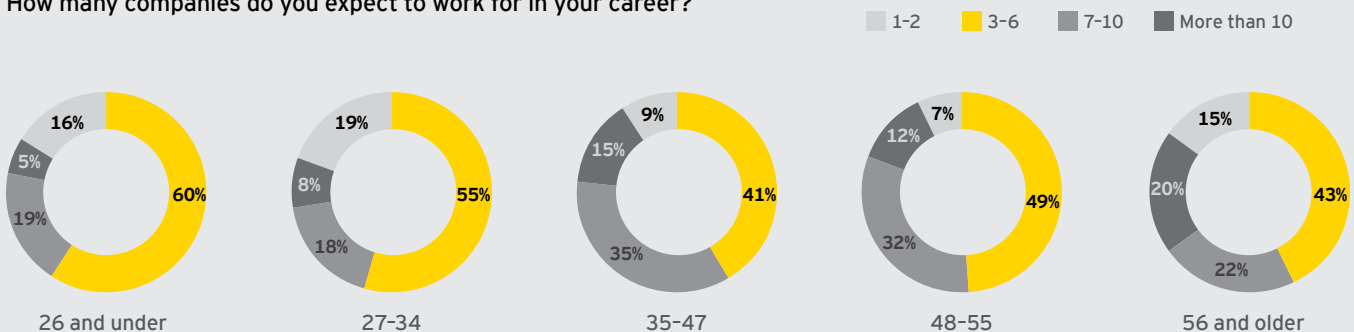
Somewhat surprisingly, however, millennials are the group in our survey least likely to report that joining an independent consultancy or starting their own company is the most attractive employment option. Perhaps it's just one more sign of a job market that remains frustratingly slow.

Moreover, millennials expect to work for fewer companies during their careers than their older counterparts. Sixty percent expect to work for just three to six companies.



**Younger workers indicate a preference for full-time work with benefits. They also expect to work for fewer companies in their careers.**

How many companies do you expect to work for in your career?





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**79% of respondents 26 and younger believe that retirement benefits will be important in the future when assessing employment opportunities.**

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Only 19% of millennials expect to work for 7 to 10 companies in their career, in contrast to 27% of those older than 48. This invites two conclusions: first, that millennials desire stability and predictability in the face of a tough hiring market; and second, that older workers have more experience with job change and are more likely to anticipate it in the future.

That may explain another finding: Younger respondents aren't enthusiastic about contract work. Instead, they prefer full-time jobs with benefits and health plans, again a finding that suggests a recessionary economy has younger workers focused on finding good jobs.

- ▶ Four-fifths (79%) of respondents 26 and younger believe that retirement benefits will be important in the future when assessing employment opportunities.
- ▶ Fewer than 50% of those 35 and older feel the same way.

Nevertheless, Keywell says flexibility in working styles, that is, having the freedom to define what your day and week look like, is a huge perk, if you can get it. "Health insurance is probably the second most important perk," he says. "It's funny, I don't hear 401(k). Maybe it's because, at this point for people, the focus is on making enough money to 'do your thing,' rather than saving money."

Millennials are more optimistic than older respondents about the prospect of having employers provide these benefits. Four-fifths (79%) were confident that employers would continue offering robust compensation packages with benefits, compared to 68% of all other respondents. And millennials express a conviction that employers will give them opportunities to grow: 44% expect financial assistance in pursuing a post-graduate degree from their employer, compared with only 35% of those ages 27 to 34, 41% of those ages 35 to 47 and 35% of those ages 48 to 55.

Will employers be able to deliver the security and benefits millennials want? Will millennials stay if they don't? Is loyalty the biggest question of all?

# Take it or leave it: the loyalty equation

## Employers and employees expect loyalty to decline in the future.

Flextime. Contracting. A changing benefits environment. A more competitive world. What does this mean for the long-valued bond between employer and employee?

Loyalty between the two will diminish over time, suggest our survey respondents. Almost two-thirds (64%) believe employers will be less loyal to employees in the future.

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### 70% believe that employees will be less loyal to employers.

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Interestingly, respondents who believe that they will work for a greater number of companies during their careers and that loyalty will wane tend to be older.

Part of the diminishing sense of loyalty may be attributable to social media networks and the increased ability that all workers have to access information about other employment opportunities. Navistar's Elliott notes that social networks have made it a lot easier for the younger generation to be more fluid in their movements. "There are ways for prospective employers to get to people that they couldn't before," he says. "Young people are a lot savvier, too. And because they have access to all kinds of information, they know what's going on."

Elliott believes employees know they will work for several companies over their career. They will learn what they can from each and leave as soon as the fun disappears.

"If you're a young person, you don't have the loyalty your father's or mother's generation might have had," Elliott says. "You're not thinking about retirement – that's 40 years away. Even if you were, you don't have a pension anymore. Your retirement is portable; you take it with you."

Older generations of workers are more likely to suggest that loyalty will diminish. Seventy-nine percent of baby boomers suggest loyalty will dwindle.



"Employee loyalty may continue to decline. It's your rock stars that you care about, because they get 80% of your results. It's knowing the roles in your company that make the biggest difference in shareholder value creation and then taking care of those folks like crazy."

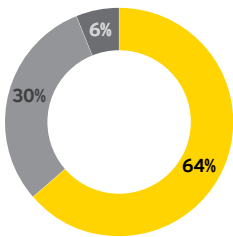
**Mindy Mackenzie**, Beam Inc.



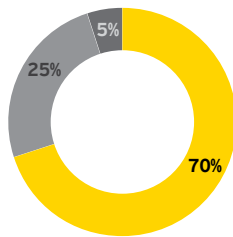
## Loyalty on the wane?

Of respondents who are confident or somewhat confident that full-time employment opportunities will still be available in the future, 70% agree that employees will be less loyal to organizations.

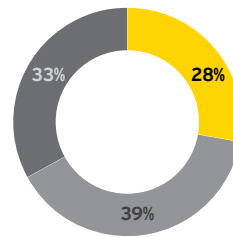
■ Agree   
 ■ Don't agree   
 ■ No opinion



Employers will be less loyal to their employees.



Employees will be less loyal to their employers.



Employers will provide ample opportunities to take a traditional full-time job with benefits.



Percent agreeing that employees will be less loyal to their employers by age group

# Chicago: where business and talent converge

Companies will continue to move operations to Chicago's downtown, creating a gravitational pull that will only gain in force.

Workers want flexibility in where and when they work. And companies are increasingly willing to accept contractors and employees who work wherever they choose. What does this suggest about the future of cities as places where businesses and talent converge? And what does it mean for the city of Chicago?

The news is good, according to survey respondents and experts alike. All were optimistic about Chicago's future as a workplace, a regional hub and a global center for business. The vast majority (78%) of respondents believe that companies will continue to move operations from suburban areas to downtown locations.

What's driving the trend? Probably the war for talent. Almost universally, survey respondents believe that businesses will continue to locate here and executives acknowledge that they need talent that favors being downtown. So a virtuous cycle continues.

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## The majority of respondents believe companies will continue to move operations to downtown.

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Optimism about the movement of organizations to downtown urban locations broadly crosses all demographics but skews strongly toward respondents who also believe that technology will increase in importance. Corresponding with this expectation is the predominance of younger workers in the urban office environment, as compared to the suburbs.

Younger workers want the amenities that cities afford, Noha says. The trend is not going to kill the suburbs or suburban office parks, he added. But companies need a presence in downtown Chicago if they want to access this population.

For Lightbank's Keywell, the density of entrepreneurial activity in the city is attractive to growth businesses, too, as it offers a greater set of talented people. He sees a rich, thriving ecosystem developing in Chicago that can fuel the city's future growth. "Cities like New York and Chicago have a chance of creating effective ecosystems for early-

stage tech," he says. "The best thing that we have going for ourselves is density, density of talented people, density of new businesses, and density of businesses that can support new ventures. Density creates connectivity, and connectivity is the key to a healthy start-up as existing companies have a growing need for innovation and innovative people, they're going to realize that they're better off being downtown."

That ecosystem and the density to which Keywell refers heavily depend on Chicago's technology infrastructure. So notes Jon B. DeVries, a long-time economic development consultant to the City of Chicago who participated in its Central Area Plan. "Technology is an enabler for growth and jobs," notes DeVries, now Director of the Marshall Bennett Institute of Real Estate at Roosevelt University. "It fuels business. And uniquely to Chicago, all six North American railroads meet here, so the major broadband lines utilize their converging rights of way."

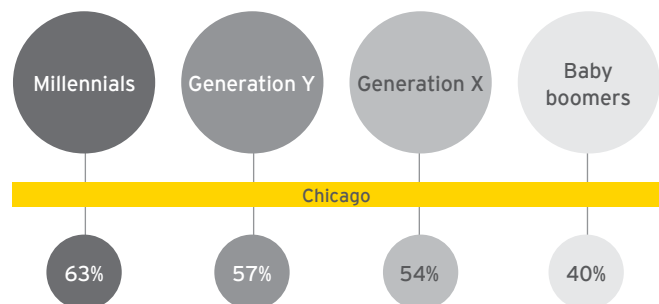
The City of Chicago's Chief Technology Officer John Tolva agrees. He sees tremendous potential in Chicago for the industries that will be important in the coming decades, such as cleantech, biosciences and technology.

Tolva explains that the talent base and skill set needed for these industries already reside in the city. "Chicago's legacy of manufacturing innovation fits perfectly with the cleantech movement, and we also have some of the most brilliant minds in computer sciences working in trading companies," he says.

When this talent is combined with the "ethos of start-ups" that already exists in the city, Tolva believes Chicago's industry sectors will begin to diversify and evolve, attracting more jobs, talent and industry.

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## Respondents from Chicago who work in a downtown urban location



“People in the 25-35 age group are increasingly focused on living in the center city. They’re interested in taking advantage of the attributes of urban life. It’s where the talent wants to live. You see it played out every day in the Chicago area, where there is a strong trend of employers who are following the lifestyle preferences of the people that they want to hire.”

**Steven Koch**, City of Chicago

“We want to recast the global perception of this city. We want our kids’ generation to think of Chicago as a focal point for a 21st century economy,” says Tolva.

Survey respondents believe a variety of factors will be important to maintaining Chicago’s stature as a great place to work and live and for the city to continue to attract jobs and talent. Most important will be to sustain a strong technology infrastructure – 97% consider it an important factor for attracting businesses downtown.

That’s no surprise to Tolva, who is leading Chicago’s “broadband challenge.” He says, “Offering free wireless in public spaces is as much about making people productive as it is a public statement that Chicago is a 21st century city.”

So, the infrastructure is here, the talent is flocking and the road to the future looks promising indeed.



Survey respondents cited other key drivers for Chicago’s continued attractiveness as a center for business:

- ▶ Ease of transportation (Metra, CTA) and proximity to work
- ▶ Greater concentration of talent
- ▶ Tax incentives and competitive commercial rental rates

“What transformed downtown was when we added residential to the North, West and South Loop. That brought more people. More retail activity followed. More culture followed. That activity in the core of the Loop lights up the place 24/7. And that makes for a more inviting business climate.”

**Terri Haymaker**, Public Building Commission of Chicago

# Glimpses of a foreseeable future

## No longer business as usual

Where and how people want to work is changing, and employers must adapt in order to attract and retain top talent. But how? Some trends we can safely anticipate from our survey findings:

- ▶ **Workspaces will change.** With more people working virtually, organizations will need to adapt office workspaces to allow for a more flexible and dynamic environment. That may mean reducing office space, creating more open workspaces, along with private spaces, and/or enabling employees to be productive at shared work locations. The corporate workspace will increasingly become a place for teams to meet and interact, while being supported by technologies that foster collaboration.
- ▶ **Technology will continue to transform work.** Video chats and virtual meeting rooms will replace teleconferencing. Smartboards will enhance brainstorming sessions, and ideas will be communicated through collaborative digital platforms for further evaluation. Though technology undoubtedly drives many of the trends noted in this study, it will not replace what many people value: face time and teamwork. High-performing workplaces will find a way to leverage technology to improve business results without compromising employee relationships and culture.
- ▶ **Leaders will manage virtual workforces.** People want and expect more flexibility in the workplace of the future. To meet the demands, leaders will need to modify their management styles to build relationships with team members and achieve productivity in a virtual world. Employers and employees will need to become comfortable with the idea that flexibility won't mean working less, it will mean working differently.
- ▶ **Organizations will explore new benefit packages.** All generations signal an appetite for traditional benefits. Despite tough economic times, organizations may need to explore viable alternatives, such as voluntary benefit options or employee choices, to balance attractiveness and affordability.
- ▶ **Building employee loyalty will be at the forefront.** As contractors become more prevalent in the workplace, full-time employees may question their long-term future employment prospects. Organizations will need to find new, meaningful ways to mentor, develop, empower, reward and recognize employees to help them feel valued and sustain employee loyalty.





We hope this survey contributes to the ongoing conversation about the future of work.

Thank you to all of the respondents and business leaders, including those who were interviewed, for their contributions, observations and insights.

## Our interviewees

### **Michael Alter**

President, The Alter Group  
Founder and President, City Year Chicago

### **Jon B. DeVries**

Director, Marshall Bennett Institute of Real Estate,  
Roosevelt University  
Director, Strategic Development Planning, URS Corporation

### **Greg Elliott**

Senior Vice President, Human Resources  
and Administration, Navistar, Inc.

### **Terri Haymaker**

Director of Planning, Public Building Commission of Chicago

### **Brad Keywell**

Managing Partner and Co-founder, Lightbank  
Co-founder and Director, Groupon

### **Steven Koch**

Deputy Mayor, City of Chicago

### **Mindy Mackenzie**

Chief Human Resources Officer, Beam Inc.

### **J. Keith Murnighan**

Harold H. Hines Jr. Distinguished Professor of Risk Mgmt.,  
Kellogg School of Management, Northwestern University

### **Ed Noha**

Senior Vice President of Strategy, Jones Lang LaSalle

### **John Tolva**

Chief Technology Officer, City of Chicago

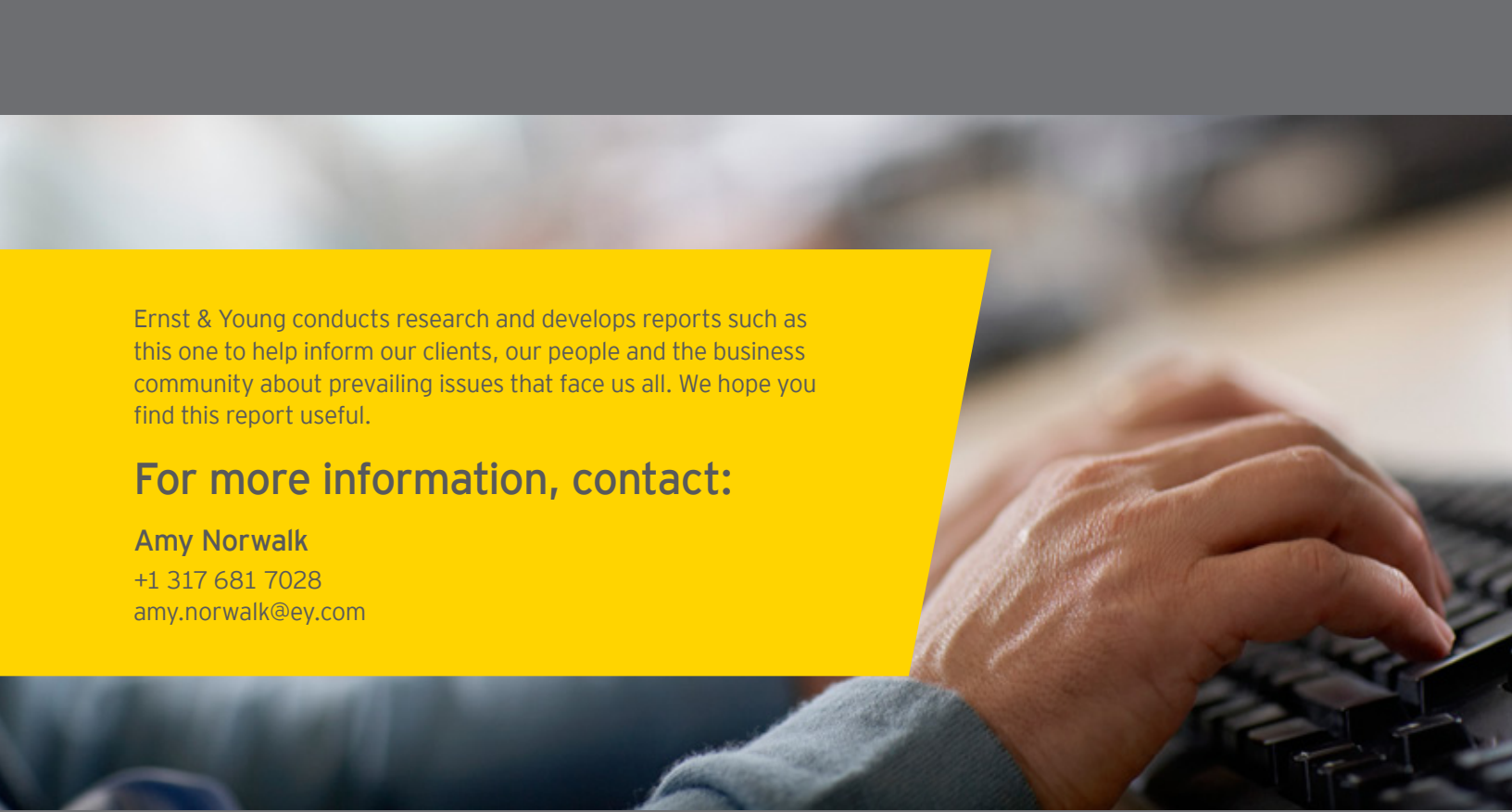
### **Kevin Willer**

President and CEO, Chicagoland Entrepreneurial Center (CEC)  
President and CEO, 1871

### **Robert C. Wolcott**

Founder and Executive Director, Kellogg Innovation  
Network (KIN), Kellogg School of Management,  
Northwestern University





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BSC no. 1301-1001073

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