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Oral Testimony on behalf of Aon

By Bridget Gainer Vice President of Global Public Affairs Aon

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Good Morning. Thank you all for this opportunity to testify today on Aon's Apprenticeship program and where it will take us in the future. I am Bridget Gainer, Vice President of Global Public Affairs at Aon. Aon is the leading global professional services firm providing a broad range of risk, retirement and health solutions.

Now is an important time in workforce policy and we are encouraged that policy makers, academics, and employers are recognizing the expanded role apprenticeship can play in continuing to develop the 21<sup>st</sup> century workforce.

Every year, Aon surveys employers about the risks they face in running their business. At the top of the list along with trade, regulation and cyber threats is workforce and the ability to find the right talent to run - and grow - their business. The US economy has been changing for a generation, with the services sector and technology – industries where skills evolve rapidly and there are few structured training programs- taking up a larger and larger part of both GDP and employment. But our workforce policy has failed to keep pace and now neither serves most workers or a growing sector of employers. Universities, employers and individuals are sitting in silos without an effective mechanism to communicate, share best practices and scale successes across the country.

These mechanisms do exist however, apprenticeships have long been successful in the skilled trades, industrial and manufacturing sector and give a road map to effective recruitment, training and employment. Apprenticeship can also address the challenges of the rising cost of college and creates a pipeline of talent that is ready, willing and able to meet the changing employment needs of the country's fastest growing industries. But for this model to be successful, a national set of standards that insures quality and creates scale is required. We are investing in an apprentice program and it will benefit our local workforce, however, the true return on investment come when we scale – when an Aon apprentice in Chicago trained an HR analyst can fill a similar position at Accenture in Columbus. Or when a member of the Chicago Apprentice Network is looking for employees it knows that an IT apprentice graduate will meet their needs.

This conversation happening not just in Chicago but in cities across the country.

At Aon we have the benefit of a generation of proof of this return on investment. Apprenticeships across the economy – trades, services, retail, hospitality – are common in Europe and the UK. There is a long tradition of students leaving high school and joining the insurance industry, especially in London. Similar to the workforce conversation we are having in the US today, about a decade ago, the UK government increased their focus on the opportunities of expanded apprenticeship. Aon took the lead in that effort and over the past



years we have tripled the number of apprentices in the insurance industry and more importantly, have added many new apprentice roles – actuarial, consulting, investing, broking – these are all positions in our industry that can be filled by apprentices – and are doing so with great success.

In London as in Chicago the motivation was to address a constraint in the workforce – in this case, retention and engagement, especially of entry level positions. As we all know, the assumption that you will begin and end your career at the same company is long gone, but the turnover rates among entry level positions was of a pace and percentage that it called out for a specific solution. And we found it within the ranks of our own employees. When we looked at the roles that had higher attrition in the UK, we found that those employees that had entered as an apprentice were much more likely to stay at Aon longer and had higher engagement scores – essentially a measurement of how much you feel connected to and happy with your job and your employer.

Engagement scores have a direct correlation to productivity, as evidenced in the recent Gallup Poll. Over the last 5 years, Gallup interviewed over 2 million workers at 300,000 organizations and found that engagement was directly correlated to productivity and profit. The top 10% of firms as ranked by highly engaged employees had average profit gains of over 26% while firms with the least engaged employees had profit declines of 14% (WSJ, Sam Walker, March 23, 2019).

Challenges such as high turnover, lack of scalable training models for services, the high cost of are creating a drag on the pipeline for talent that all companies need to continue to grow. No region of the U.S. has escaped this problem and no one has found the ultimate answer. We believe that the solution can start locally, drawing on the strengths of city or regional economy but in order to truly scale we need a national strategy.

I am from Chicago - born, raised, and raising my own children there, and if you asked me my main workforce goal it would be the same as most parents - that my children all get good jobs in our hometown and build their lives there.

But our city – like many of yours – faces serious challenges. Many of our young people are confronting two significant hurdles: the mismatch between their desire and their ability to work, and the way we hire in many of the fastest growing parts of our economy.

The solution requires innovation to create a new path to real employment opportunities. It takes time and creativity and collaboration. But it also takes the active participation of not just employers, but of the whole system.



From our windows at Aon, I can look down Lake Street and see Harold Washington College, one of Chicago's City Colleges.

Until a two years ago, Aon had never hired anyone from City Colleges, and that seemed like a missed opportunity. A missed opportunity for *us*. We were ignoring an entire talent pipeline that was literally staring us in the face. So, we brought together a group of employers from the insurance and financial service sectors and created a curriculum that was open to all students. We built internships and had colleagues from Aon mentor the students.

But we realized that we could do more.

You can have all the programs in place to assist, but if you really want to make a difference, address the lack of diversity, access or opportunity – adopt our new mantra –just hire someone!

I want to be very clear about this next point, our apprenticeship program is not a charity program, it must work for the business. So, we set out to build a business case to replace some of our entry level positions with apprentices. The first step was to determine which one really required a four-year degree or where have we gotten in the habit on hiring from four years of college.

Then we took a closely look at those jobs and found that many of them had high turnover which is expensive and disruptive. Because the role didn't require the degree the new hire was not staying in a job that didn't really demand it. But our HR system required it because that's the way we always had done it.

The key to the success to our program was the buy in from the entry position manager. In their judgement the investment in training with increase retentions was clearly superior to a quick hire and greater turnover. Our partnership with Harold Washington College combined with our on the job training serves their business needs and Aon desire to take advantage of community resources. We mitigated the risk in hiring college graduates, while addressing our needs and Chicago's opportunity.

Over the last three years we have hired 75 apprentices in a two-year program in IT, HR and our core insurance business. They work four days a week at Aon and go to class at Harold Washington on Fridays. They are paid as full-time employees and receive health and retirement as well fully paid tuition. Of the three classes of apprentices that we have hires, 75% are African-American or Latino, most are Chicago Public School graduates and all of them were working multiple jobs to finance their life and their school before coming to Aon. Further our



apprentice program is registered in partnership with the Department of Labor which signifies our program meets the standards and quality requirements for such programs.

Because of these efforts, these young people have a path to a career not just a job. But that was just the beginning, because as I mentioned, the idea is good, but the scale is essential.

To that end, we created an employer lead initiative know as the Chicago Apprentice Network, bringing other large employers together with the goal of creating an entry point for employers to explore apprenticeship, learn best practices and create an ecosystem of job training and workforce development. These employers Accenture, Zurich, Walgreens, JP Morgan Chase, McDonalds and others have come together to build a strong foundation in Chicago and a roadmap for other cities.

In our first year – 2017 – there were 2 employers and 50 apprentices, in 2018, 8 employers and 130 apprentices, this year we have 23 employers and over 425 apprentices with the goal of 1000 apprentices by the end of 2020.

Beyond the numbers, another important goal is to create an environment where the students that attend our nation’s community colleges feel there is an opportunity for success in a corporate environment. It is our desire to expand this opportunity to other cities across the country.

This is where we need your attention and leadership. In order to build this new tranch of our nations’ workforce and keep pace with change in our economy we need strong national standards for apprenticeships that will allow us to scale across the country. We have found these standards in the registration process and encourage both employers to adopt registration and the Department of Labor to continue the collaborative partnership that has made that process successful.

Second, we would strongly encourage continued investment in the workforce development mission of the nations’ community colleges. This system is everywhere and is the answer to the rising cost of traditional four year colleges. If a student does not have personal resources for college or does not want to take on debt, community colleges are often the only option. This option needs to be a viable entrée into all parts of the economy. As negotiations begin ion the reauthorization of the Higher Education bill, a strong investment in community colleges and HBCU’s that encourages employer partnerships and apprenticeships would go a long way to building a more accessible workforce training system.



I want to thank the committee for your interest and for affording me the opportunity to speak to you today about Aon's initiative in this vital area. We are proud of this program and look forward to growing these programs in a variety of disciplines across the United States.