

PITNEY BOWES, INC.

EMERGING STRATEGY

SELECTED BACKGROUND INFORMATION

Primary Industry Sector:	Business Services
Type of Organization:	For-profit
Worksite Locations (countries):	United States, United Kingdom
Size of Workforce:	36,165 employees
Average Age of Employees:	42 years
Average Age of Retirement:	59 years

INTRODUCTION

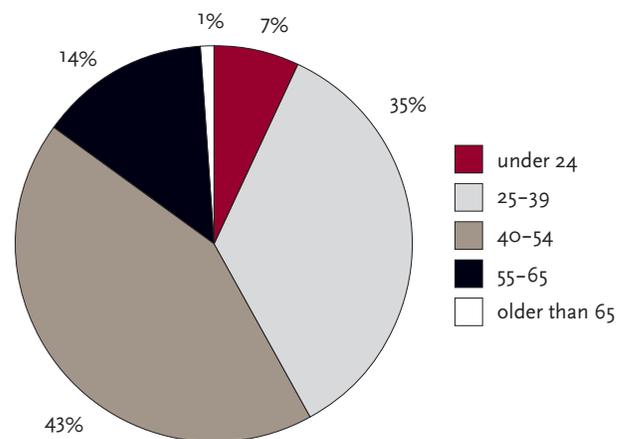
Pitney Bowes is a for-profit organization that provides “mailstream solutions,” including metering systems, addressing software, and presort mail services to over two-million businesses. While remaining true to their 87-year legacy, Pitney Bowes stays devoted to a belief in the power of diversity as well as a commitment to corporate responsibility, financial accountability and community.

In response to shifting workforce demographics, Pitney Bowes has established a number of policies and practices to leverage the talents of its multigenerational workforce, including its phased retirement program, which is highlighted as Pitney Bowes’ promising practice.

THE BUSINESS CASE

Employer-of-Choice is more than just a popular buzz word. Twenty-First Century Employers-of-Choice understand what motivates employees, and are committed to developing 21st century solutions to recruit, retain, and engage a diverse, multigenerational workforce. While there is more than one set of indicators for an employer-of-choice strategy, Figures 2A-B focus on eight important dimensions. These essential components comprise the Center’s Quality of Employment Framework (Pitt-Catsouphes et. al, 2007). Of

Figure 1. Age Distribution of the Workforce



course, different employers are likely to focus on different aspects of the employer-of-choice strategy depending on the organization, the needs of its workforce, and the country context. Some actions – such as the expansion of workplace flexibility – can help organizations simultaneously reach goals and objectives related to multiple components of the employer-of-choice strategy. Employers may tailor their employer-of-choice policies and practices depending on the stage of employment (recruitment, engagement, and/or retention) they seek to affect.

Pitney Bowes’ strategies and practices with respect to changing age demographics in the workplace exemplify several aspects of this Framework, including opportunities for meaningful work, provisions for employability and employment predictabilities, workplace flexibility, and fair and attractive benefits.

Although Pitney Bowes, Inc. does not have a formal multigenerational workforce strategy as of yet, there are many initiatives in place, which are helping Pitney Bowes to remain

an employer-of-choice. Its evolving phased retirement program and options for flexible work arrangements make it an appealing place to work because these are benefits that are attractive to employees of all ages. Pitney Bowes is committed to developing strategies that will promote workplace flexibility, knowledge transfer, and succession planning.

Workplace Flexibility

Consistent with many other well-established organizations, Pitney Bowes has found that all employees, regardless of life stage, have a desire for flexibility in the workplace. They have found that while some employees feel most productive when they are physically “at a desk” all day, others may need a change of setting and are able to get the same amount of work done. Pitney Bowes is exploring how a part time option specific to phased retirement may affect Social Security, pension, and benefits.

Knowledge Transfer

Challenges within the realm of knowledge transfer include determining who is going to get the knowledge and who is going to cover the “actual work” while an employee is passing on knowledge. Effective knowledge transfer is a challenge. Pitney Bowes has “people retiring and taking the knowledge with them without having a way to ensure that knowledge has been passed along.” Depending on the department, knowledge transfer can be a real issue. For instance, it may be a lot more difficult to lose an engineer with a lot of experience versus some other positions.

Succession Planning: Retention and Recruitment

Pitney Bowes has a large percentage of employees who are in the “retirement zone,” meaning that they can retire now or will be able to within two years. At that point, they are eligible for pensions and retiree medical insurance. What Pitney Bowes does not know is the average age most people will actually decide to retire. Just because they are eligible, does not necessarily mean that they will retire. Additionally, Pitney Bowes is looking to maintain a balance between keeping workers longer and being sure the organization is bringing in new employees.

Figure 2A. Quality of Employment: Strategy



THE RESPONSE

Pitney Bowes is creating a culture change to become a more flexible workplace for its multigenerational workforce. While work/life balance solutions are still an important component of their mature worker retention strategies, they have launched other programs and initiatives in order to generate this culture change.

In response to the challenges identified, Pitney Bowes has established their Retirement Employee Assistance Program (REAP), which they consider to be a cornerstone to their evolving mature worker strategy. This program provides all employees with reimbursement for all types of courses to explore potential “career and personal growth opportunities after retirement.” In addition, My Next Phase is an online interactive program that helps employees start to think about retirement. This may become the online course of REAP.

Because Pitney Bowes recognizes that there are a large number of older employees that pose a risk of retiring in the near future, they are making strides to implement a phased retirement program, which will be highlighted in the next section.

PROMISING PRACTICE

FEATURED PROMISING PRACTICE AT-A-GLANCE

Phased Retirement within the Engineering Department

Description:	One-on-one conversations with employees eligible for phased retirement discussing how phased retirement will work if they choose to participate.
Purpose:	Facilitate an understanding of how phased retirement can be used while stressing that it is voluntary.
Target Population:	Retirement eligible employees within the Engineering Department.
Launch Date:	To be scheduled.

IMPLEMENTATION

Pitney Bowes decided to encourage the effective use of its phased retirement option by talking to its engineering employees about how it works and how it can be used to their benefit. Pitney came to this decision after realizing that many employees who are nearing retirement may want to continue working, but on different terms more suitable to their lifestyle. It chose to begin the program in the Engineering Department because it had a high number of employees in the “target zone,” that also had “critical” knowledge of the business.

Pitney Bowes hopes to make it clear to eligible employees that phased retirement is voluntary, and a way of keeping its employees for longer, not a way of pushing them out of the company. Pitney Bowes looks at phased retirement as a type of flexible work arrangement that results in delayed retirement of its valued employees.

The goals of the phased retirement program include less turnover, improved engagement and productivity as well as retention and transfer of knowledge. If employees utilize phased retirement, they may work more effectively and

Figure 3. Age Brackets - All Engineering

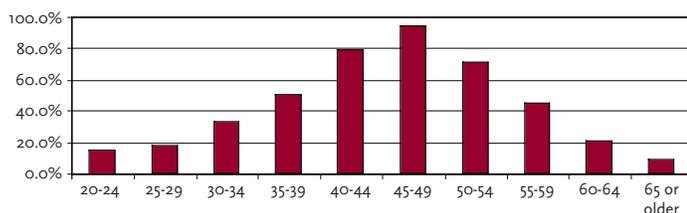


Figure 2B. Quality of Employment: Practice



have time to transfer their knowledge to their successors. Pitney Bowes allows phased retirement to take a variety of shapes, including condensed work weeks, telecommuting and reduced work weeks.

LESSONS LEARNED

Pitney Bowes has learned that because pension calculation is based on the 5 highest average consecutive earning years, cutting back on one’s hours could mean a lower pension. This is a hurdle the company is in the process of addressing.

Pitney has also learned that they need to be cautious with age discrimination issues related to encouraging phased retirement. It is important that employees are not given the impression that the company is trying to get rid of them. To make sure managers are able to make the point that it is a way of retaining workers longer, they have been given talking points to cover when discussing phased retirement with their employees.

Pitney has in addition, learned that phased retirement must meet the needs of the business. In other words, if the needed results cannot be obtained with an employee who is utilizing phased retirement it may not be an appropriate option. Pitney also discovered that the needs of the business may differ from the needs of the employees. For example, the employee may need to begin mentoring their successor rather than completing their previous job description. As a result, new objectives and measurements may be developed when an employee begins their phased retirement arrangements.

MOVING FORWARD

In the coming months, Pitney Bowes will continue to educate its employees about phased retirement and other flexible work options where appropriate. Pitney is also considering mentoring and other opportunities for employees in late career stages as well as the development of an employee service that could help workers with career and life transition planning.

Phased Retirement

“Flexible working arrangements that result in a retirement eligible employee delaying retirement for a period of time.”

- Options:
 - ⇒ Work full time, telecommute Friday & Monday.
 - ⇒ Reduce to 30 hour week, with proportionate pay reduction.
 - ⇒ Take 6 week leave of absence to spend majority of winter in warmer climate.

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The Center on Aging & Work has developed the Executive Case Summary Series to provide Center Partners and members of Learning Circles with current information about workplace strategies, policies and practices established for today's multi generational workforce.

These cases have been prepared to foster the sharing of information among talent management experts and to accelerate “just-in-time” insights about employer-response to the 21st century workforce even as strategies, policies and practices are just emerging.

The Case Summaries contain confidential (and in some cases, proprietary) information about organizations. Therefore, the Center provides these cases only to organizations that are Center Partners and members of Learning Circles.

Interested in additional information about this Case Summary? Please contact Kathy Lynch at 617-552-2865.

Pitt-Catsoupes, M., et. al (2007). *Employers-of-Choice in Countries-of-Choice* (Global Executive Insight No. 01). Chestnut Hill, MA: The Center on Aging & Work/Workplace Flexibility. Retrieved from http://agingandwork.bc.edu/documents/Global01_Employer-of-Choice.pdf