

A case study on collaboration

The great challenge of thought leadership is that if it's not channelled into action, it is only that – just thoughts.

We have come to understand that implementation of these ideas will always be slower than we wish if we don't introduce a far more agile approach to translating insight into action. What follows is a case study on how we can introduce a new process for rapid implementation that brings you, our clients, into the equation.

1 It starts with first collaborating with our clients around their challenges and needs. *Benefits Barometer* changed the narrative by using our clients'

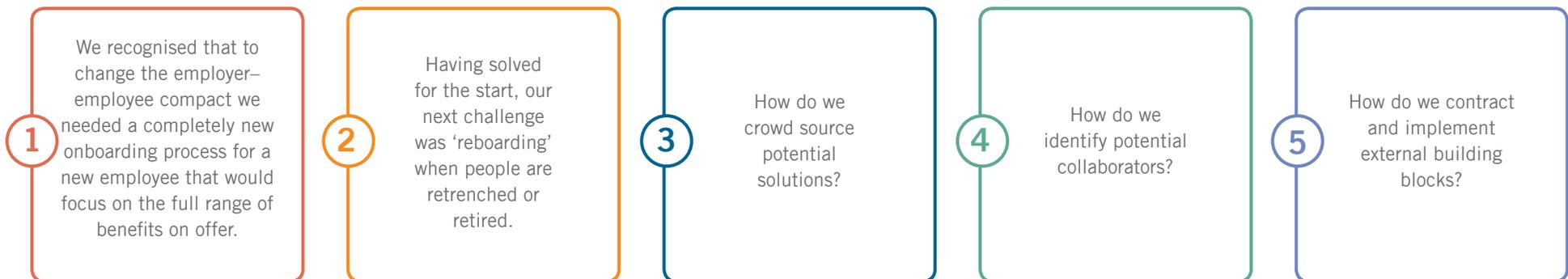
perspective to examine the issues. In turn, we see solution design as something that also must be done and refined over time in collaboration with them.

2 It recognises that what's often needed to address clients' needs is more than simply better financial solutions. To that end, we recognise that as Alexander Forbes, we need to collaborate with other players who can bring these additional services into the solution. We, in turn, function as

the integrator and coordinator of these holistic solutions. Ultimately it is Alexander Forbes who needs to be accountable for ensuring we meet our clients' needs.

3 If we are going to collaborate with this broad range of players, we need to create a new model of engagement that ensures that everyone benefits from these arrangements and that their contributions to the collaboration are fairly rewarded and recognised.

The process of translating insight into action:



Touchpoints for financial well-being conversation



Here is the topic that you, our clients, identified as a gap that needed to be addressed



How do we better address the needs of employees who are being retired or retrenched?

In other words, how can we better address the needs of our employees once they have left the security of their employment with us? We saw in that request an encouraging sign: employers were beginning to appreciate that they had a responsibility to the broader South African society of ensuring that employees who left their protection would:

- go on to continue to be productive contributors to South African society, or
- be well insulated from social and economic implosion

In that vein, we gained three insights:

1 Living productive lives for longer

At the Digital Economic Summit 2019, Dr George Freidman made the point that if human beings were living longer – and they are – then we needed to focus on developing ways to make them productive contributors to the broader economy for longer. As we pointed out in *Benefits Barometer 2018*, when the UK reframed the costs of caring for the aged against the value they could add to the economy after retirement, they found that older people were making a net contribution of R683 billion ... and this was expected to grow to R1 314 billion by 2030.

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2 Growing SMEs

This is the kind of economic growth engine we need to help foster in South Africa. With skills and experience at a premium, South Africa desperately needs to find ways to re-introduce those valuable assets if we are going to stimulate the growth of our employment workhorses: small and medium-sized enterprises (SMEs).

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3 Younger for longer

As Lynda Gratton and Andrew Scott sum up in their book, 'The Hundred Year Life', it's really all about being younger for longer.



How should we rethink the problem of retirement or retrenchment?

This graphic sums it up neatly. Two things occur at retirement and retrenchment.

- 1 The employee no longer benefits from the very thing that made them feel human: daily acknowledgement of their existence and value from colleagues and friends in the workplace.
- 2 The workplace no longer benefits from the employee's experience and skill set.

WHAT UNFOLDS



What goes underappreciated is that these events can be traumatic on both sides – but they need not be.

To start the collaboration process, we conducted retirement workshops with more than 1 200 members of pension funds from all over South Africa who were just about to retire. We started those workshops by sharing the insights on 'Ageing' and 'Planning for a Better Ending' – from ***Benefits Barometer 2018.***

Insight 1

Leaving the world of work after 40 years can be more traumatic than we appreciate

Research is showing us that both retirement and retrenchment can have a traumatic emotional impact. While we readily understand the issue of loss of self-esteem with people who are retrenched, we may be less sensitive about the fact that retirement has the potential to remove someone from the very things that makes them feel like a valued human being:

- Regular daily contact with people who acknowledge your existence and see your work as contributing in some way
- A sense of purpose – even if it's just being paid to do a job

That means that before we can begin to think about helping people with financial planning or developing a further source of income, we need to make sure that they have the emotional stamina to make the transition smoothly.

What we uncovered, though, was that there are actually some very basic things that we as human beings can start to do to minimise the potential trauma of this transition.

To begin with – perhaps the best thing a person can do to reduce the impact of long-term stress is to exercise. Something as simple as walking every day can make a world of difference to your stress levels, your resilience and, surprisingly, your cognitive abilities – because it provides a constant supply of oxygen to your brain and body. Oxygen acts as a basic building block for cell regeneration – even brain cells.

When Harvard University embarked on its intergenerational study to determine what factors led to a quality of life in our ageing years, they came back with some surprising insights. It turns out that it has much less to do with having good genes and far more to do with having great relationships – relationships that provide people with a sense of connectedness, of being a part of something greater than themselves.

It's not just a question of having a good network of friends. We now know that human touch can be an important factor in keeping people grounded who may be sliding into dementia. We also now know, that keeping working and having a sense of purpose also play a vital role in the 'connectedness' phenomenon that is so important to achieving a life worth living longer.

Building resilience

THE POWER OF EXERCISE	
THE POWER OF PURPOSE	
THE POWER OF TOUCH	
THE POWER OF CONNECTIVITY	
THE POWER OF WORK	

Human beings are incredibly adaptable

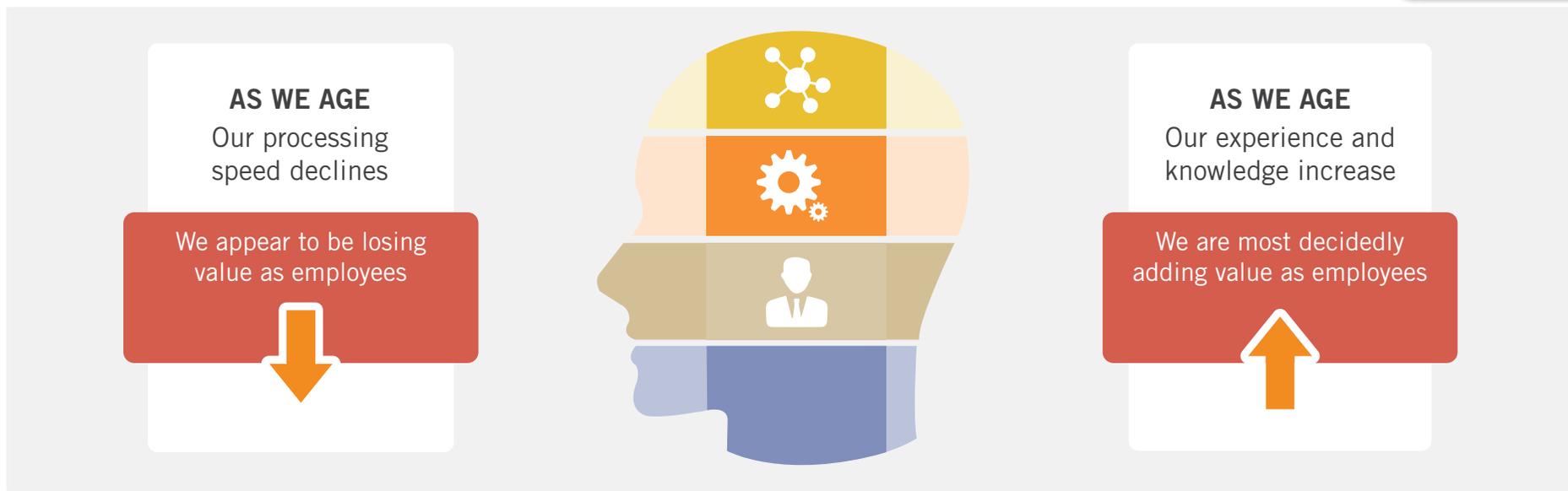
Insight 2

We need a better appreciation of how the brain ages to understand productivity

As the brain ages, two important things happen. Yes, our short-term memory starts to deteriorate. That's the part of our memory that helps us find where we placed our keys or left our wallet. It's also the part of our memory that accounts for the slowdown in our productivity – the very thing that HR departments identify as just cause for seeing you out the door and into retirement.

But what often doesn't get appreciated is that while your short-term memory might be fading, your experiential memory is expanding exponentially. We often call this 'wisdom'. With more experience, people can 'connect the dots' and develop insights that even a high level of education can't replicate.

In *Benefits Barometer 2018*, research from our human capital development partners, Mercer, showed that productivity in businesses could be significantly improved by creating teams of experienced (but less productive) employees with younger (less experienced) employees. The combination produced better results than either individual could do on their own.

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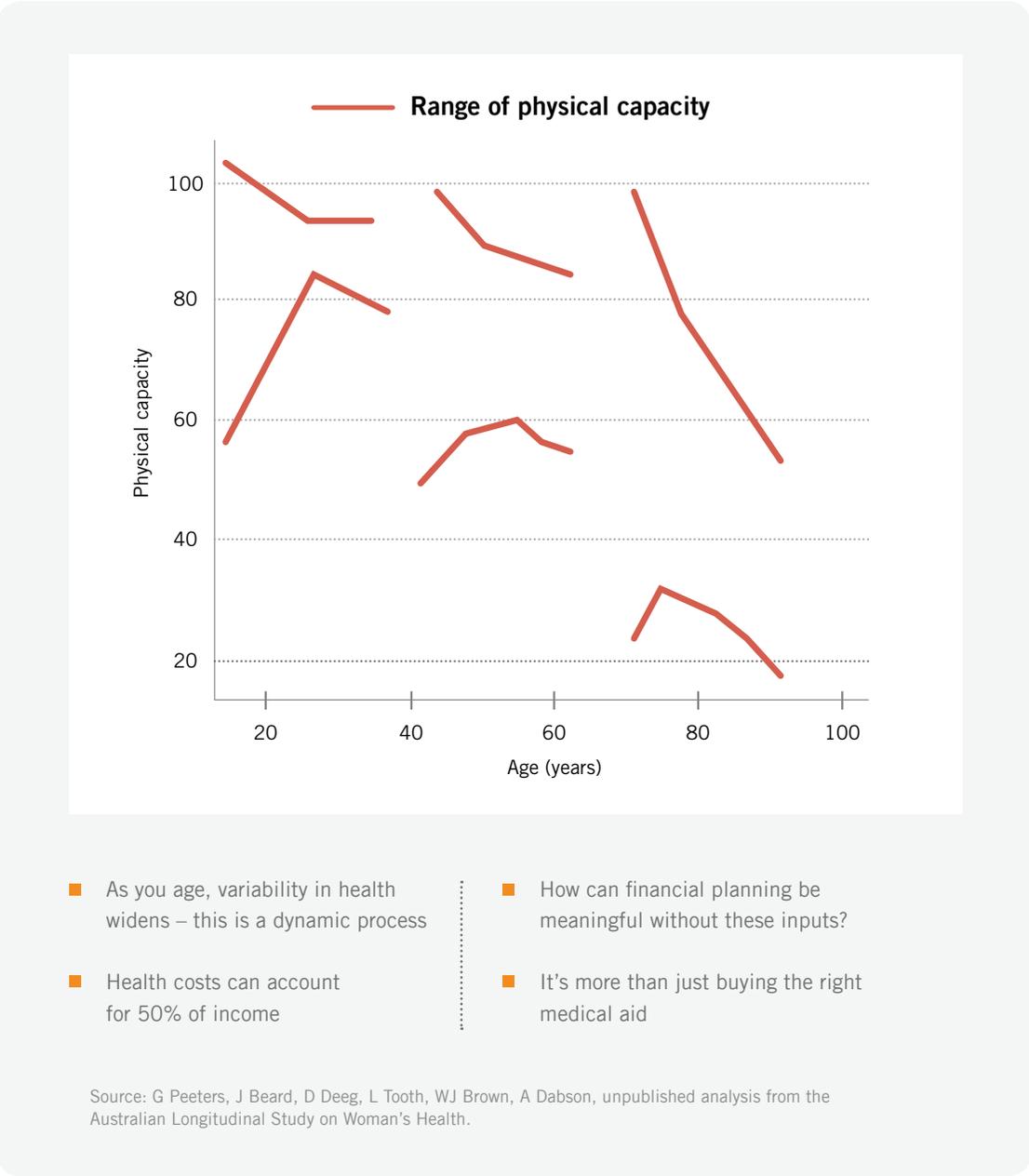
Insight 3

We haven't done a good job of factoring in our health costs in retirement

Accounting for health costs when you are between 20 and 40 is relatively easy simply because health conditions are relatively standard and predictable for this age group. As we move on to 40 to 60, that predictability begins to widen. And as we reach the 60 to 100 age group, it's almost impossible to generalise about the potential cost of healthcare.

This is because, as the graph to the right illustrates, some people's health at age 60 is as robust as that of a 30 year old. Similarly, some people at 60 may be experiencing extremely poor health.

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Insight 4

We don't need just financial resources – we need support. Who will help coordinate a comprehensive support system?

It takes a village – lessons from developed economies

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Read Atul Gawande: *Being Mortal*

Lesson 1:
There's no place like home

Lesson 2:
Start those critical conversations with your family and significant others now

Our multiphase life - continued

 <p>'ACTIVE' RETIREE (65–75)</p> <ul style="list-style-type: none"> Still physically active Want to travel, undertake some work or care for younger generation <p>High (as possible) income needs 'Go-Go'</p>	 <p>'PASSIVE' RETIREE (75–85)</p> <ul style="list-style-type: none"> Less physically active but generally healthy More likely to 'stay home' <p>Income needs reduced 'Slow-Go'</p>	 <p>'FRAIL' RETIREE (85 +)</p> <ul style="list-style-type: none"> Less physically active, increased health issues Need long-term care <p>Increased income needs 'No-Go'</p>
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What we came up with – with your inputs

With these points in mind, we undertook a series of design sprints – at times with people internal to Alexander Forbes, at times with our clients, and at times with external innovators who had agreed to share their creative input with us.

The product of those three sprints was that we saw that there were four distinct touchpoints where we needed to provide a better safety net – or, in our language, four toolkits. But the more remarkable insight that came out of these sessions was that these four elements needed to be integrated to be truly effective.



The real value will come from integrating all these