



**H**ERE'S A QUESTION STEPHAN SCHOLL LIKES TO ask CEOs: How many of their employees can stitch together \$500 in a crisis? "Most CEOs I talk to—frankly all the CEOs I talk to—don't know the answer to that question," says Scholl, CEO of Alight, a cloud-based provider of human-capital solutions to 72 of the Fortune 100, and half the Fortune 500. A 25-year veteran of Silicon Valley, where among other positions he held senior leadership roles at Oracle and Peoplesoft, Scholl argues that technology—a force often blamed for the demise of employee security—can and should be used to bolster it. Not just because that's the right thing to do, but because employee well-being is crucial to

"Other stakeholders"—are they all equal?  
Alight CEO  
**STEPHAN SCHOLL** argues for one constituency in particular, in a conversation with Brunswick's **SIOBHAN GORMAN**.

**You became CEO last April, mid-pandemic. What was day one like?**

Surreal. The Saturday morning before I started, I received a small box in the mail that had my laptop, an Alight T-shirt, a hat and a welcome note. Monday morning I met the executive team on Zoom.

**How challenging is that—to lead a team, an entire company, without being able to meet in-person?**

There are many schools of thought to it. Mine was centered around the fact that I can move quickly. I love this notion of beginner's eyes. I've been in tech for more than 25 years and have had the privilege of being part of the transformation at companies like Apple and Oracle. And you only have beginner's eyes for a few weeks, maybe months. So being able to come in here with a clean slate, not be buried with travel, I was able to get in front of 40 of our biggest Fortune 500 clients in 30 days. That would never have happened in a world where everybody expects you to be there in person. We're in each other's living rooms, having frank, honest conversations without all the strictures of big boardrooms and CEO offices. It really takes it to a different level.

That was true of my colleagues at Alight too. I got to know my management team very quickly.

# The Employee Decade

the bottom line. "I think in the next 10 years CEOs are going to be measured on how they treat their employees," says Scholl. In an interview with Brunswick Partner Siobhan Gorman, Scholl explains how Alight's technological prowess enables it to help employees improve their health, financial security and performance on the job.



### How exactly does Alight “connect health, wealth and well-being for employees”?

We have 30 million employees that we serve today. That’s 14% of the US workforce. We serve 72 of the Fortune 100, half of the Fortune 500. And our objective as a company is simple: ensure that every employee stays healthy, is financially secure, and has the confidence and the know-how to be able to make decisions in those two categories.

Obviously that’s important given what’s going on with the pandemic. It sounds simple, but benefits are so often complicated, fragmented and unclear to employees. And they’re costly for employers. After salaries, benefits are typically the second-biggest cost for a company, and they increase between 6% and 20% every single year. And yet when you talk to the executive committee, it’s one they understand the least, because it is so mired in complexity.

And then add in the fact that over the last decade or so, employers have been shifting more responsibility to the employees about these benefits. Whether it’s a 401(k) or HSA (health savings account), employers haven’t given employees the tools to make these hugely important decisions. Sixty percent of Americans can’t retire when they want. It’s a financial crisis. Half the employees in the United States regretted a healthcare decision. Half. Those are stark numbers.

I see Alight as the answer, the platform, the company, that can demystify all that for employers and employees. We have the size, the scale, the capability to deal with these two problems—which are trillions of dollars in market cost, and risk, and complexity. Employers are under a huge cost crunch. But they also realize that they have to change their relationship with their employees.

### Every company says some version of “our people are our most valuable asset.” Yet is it hard convincing CEOs to invest in this platform?

There are no RFPs for what I’m talking about. When we call up CEOs and CFOs, they know there’s a problem. But they have hundreds of things on their plates. We need to convince them that, despite all the other pressures they face, caring for their people has to be a top priority—and it needs to be dealt with now and not later.

And one of the ways we do that is by saying, “Listen, from the data that we collected across 30 million participants, this is what we see: You potentially have a very unhappy, very unhealthy workforce.”

And we can help engage employees, help change the decisions of those individual employees so they lead healthier lives—so they have the information,

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the educational material to make right decisions.

Being a nonconformist diabetic, for instance, has a huge downstream impact to the healthcare system. Sending alerts, warnings and information over a mobile phone to help somebody become a conformist diabetic—that makes a profound difference not only to the employee, but also the employer.

### You’ve talked about “entering the era of the employee.” What does that mean?

In software and technology, you’ve gone from hundreds of companies that serve clients down to a few dozen. Because clients wanted to interface with their suppliers in a much simpler way. You’d think the same thing would’ve happened on the employee side. And yet the average Fortune 500 company combines between 50 and 150 different technology platforms and service providers to deliver a range of employee solutions—from benefits, to payroll, to career and talent management, to voluntary benefits.

An employee does not want to go through 15 different systems to make 15 different decisions. They want to go to one place. They want it to be personalized. They want you to know who they are. My daughter, for instance, is 12 years old. She went on Nike.com and ordered a pair of shoes where the left one’s green, the right one’s blue, with different laces.

Can you imagine the disruption in supply chains and manufacturing to create a pair of shoes at \$80? If we can do it for shoes, why can’t we do it for health-care and financial services and savings? Why is everything spread across 15 programs when it could be, if you have 50,000 people, you could have 50,000 programs? Why can’t health, pension, 401(k) be personalized?

The fragmented approach isn’t great for employees and it’s not efficient for leaders. It means CEOs can’t answer basic questions like, “How many of my employees can stitch together \$500 in a moment of crisis?” Most CEOs I talk to—frankly all the CEOs I talk to—don’t know the answer to that question.

### And Alight could help them answer that?

Yes, that’s what we do. That’s why we reinvented this whole engagement platform where we can go out and use these datasets around payroll and deductions. We have the ability to understand your 10-, 20-year history of benefits, the choices you’ve made. We can understand your personal situation, your claims data. Are you healthy? Are you not? Are you financially secure?

We’re providing the right set of information across payroll, health and wellness into one concrete,

personalized platform, so that you as an employee, whether you make \$40,000 a year or \$100,000 a year, can make the right trade-offs and decisions.

One of the largest employers in the United States, for example, recently spent \$3 billion on annual enrollment. People that made \$40,000 and less—only 7% of those employees had the right critical care and illness coverage in this environment.

How come? Because the company had introduced 22 new programs. Only two of those were applicable to people earning \$40,000 or less. If employers use our new platform, they can better understand their employees' appetite, capacity and capability to spend money. We would, for example, show employees earning \$40,000 or less the two programs that are relevant, so that 7% becomes 100%.

But if you show employees 22 programs, people tend to throw their arms up and say, "I won't touch it." And here you are as a company spending billions of dollars, thinking you're doing the right thing. And yet 93% of your employees earning \$40,000 or less don't have the critical care coverage they need.

At that same company, more than 90% of employees earning \$92,000 and above had the right critical illness care because the programs are geared towards them. So there's an important equality component in this as well.

Beyond helping an employer understand the datasets of what their employees need, we are the translator, that voice of the employee: "Don't send me 22 options; send me the two or three that I can afford and that provide the coverage I need."

### **What trends are you gleaning about the future of employees?**

Traditionally, you had full-time employees to whom you provided benefits and classic services. Now, in the gig economy, between 20% and 50% of a company's employees are part-time. That raises profoundly important questions for leaders, particularly how you attract, retain and support these workers? That's where we at Alight get excited. We're focused on meeting the unique needs of the workforce, whether they're full-time, part-time, freelancer.

Some of our clients, for instance, have 150,000 part-time workers. And they want to treat them as respectfully as a full-time employee, because these part-time workers might come back for the next five years for that same 12-week peak period. I've talked to a few CEOs about this: creating loyalty among part-time employees. Major companies like Starbucks are doing it effectively today—why can't everybody do it?

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**SHOBHAN GORMAN**, a specialist in crisis and cybersecurity, is a Partner in Brunswick's Washington, DC office.

### **Do you today feel more or less hopeful on behalf of employees than you did a year ago?**

Much more hopeful. I see the siloed decision points between payroll, wealth, health and benefits at big companies being consolidated into, "I need a better view of my employee across all those continuums."

I think everybody's waking up. I'm a board member myself, and I feel like it's firmly now a board-level conversation.

My conversations with CEOs now are along the lines of, "How healthy do you think your employee population is? How many have put off routine healthcare procedures over the past year? How many employees pulled out money from their 401(k) under the CARES Act?" These are questions that were never asked before. Benefits were always an afterthought and sort of "in the corner." Now, they're front and center.

For 25 years, CEOs have been measured by their shareholders largely on how they treat their clients. It's all been about the client side of the house. That's where the majority of the money went. That's where the majority of the transformation went.

I think in the next 10 years CEOs are going to be measured on how they treat their employees, and how their employees are the core of their transformation, and how they will bring them into the fold of this digital transformation that everybody's going through.

I think that shift—from focusing on serving clients to serving employees—will affect bottom-line performance. When clients look at suppliers, they now ask them about a range of issues: sustainability, racial equality, diversity and so on. It's a natural extension for clients now to ask, "How many employees are at the poverty level in your company?"

But you don't even have to look that far ahead to realize this is a bottom-line issue. CEOs are realizing today that you can have great clients, but if you don't have employees who are happy, who are supporting your clients, you can't run a business.

That's what we're focused on: giving employees the voice, so that employers hear it and are clear on what their employees need. It isn't about ping-pong tables, free lunches. It's about making sure employers understand: How do you view, as an individual, your path to retirement? How much money do you think you need to be financially secure? How healthy are you and your family along that continuum?

How healthy are my employees? How financially secure are they? I can't imagine two more important questions that haven't been answered effectively over the last decade. ♦