

Evidence-Based HR Insights from Vanguard: Accelerating Early Career Talent with Technology



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Article Summary:

This article examines how Vanguard, faced with a surge in early-career technology turnover during the "Great Reshuffling," launched the Early Career Progression (ECP) Program. This evidence-based approach integrated structured career development with automated compensation adjustments through Workday. By providing clear promotion milestones, transparent pay progression, and streamlined talent management, the program reduced IT attrition to 6% and increased internal hiring to 78%. Vanguard's success highlights the importance of aligning career growth with compensation, leveraging existing systems, and prioritizing transparency to retain early-career talent.



Vanguard launched the Early Career Progression (ECP) Program – an evidence-based initiative designed to streamline development, enhance transparency, and boost retention.

TACKLING THE EARLY CAREER RETENTION CRISIS

Across industries, retaining early-career talent remains a critical challenge for organizations. High turnover rates, especially in technology roles, disrupt business continuity and strain talent pipelines. [A 2023 global survey by LinkedIn](#) revealed that more than 70% of early-career employees are considering leaving their roles to find better alignment with a new employer.

At Vanguard, a leading asset manager, these challenges were exacerbated during the "Great Reshuffling" of 2021-2023. Turnover in early-career technology roles surged to an alarming 36%, up from a pre-pandemic low of 9%. Recognizing the risk to both immediate operations and long-term talent development, Vanguard launched the Early Career Progression (ECP) Program—an evidence-based integrated initiative designed to streamline development, enhance transparency, and boost retention.

THE TALENT CHALLENGE VANGUARD FACED

Vanguard's technology workforce includes 6,000 employees, with junior-level roles making up 20%. Like many firms, retaining early-career employees was a persistent challenge. Exit surveys consistently highlighted two key drivers of attrition:

1. **Limited Career Development:**

Employees felt unsupported in navigating promotions, despite robust training offerings. Existing resources, like internal job boards and expectations frameworks, were not integrated or intuitive.

2. **Opaque Compensation Processes:**

While Vanguard maintained competitive pay, employees were often unclear about their future earnings and how compensation aligned with their career progression.

This combination of unclear career pathways and compensation uncertainty fueled dissatisfaction, underscoring the need for a cohesive and scalable solution.



DESIGNING A SCALABLE TALENT DEVELOPMENT SYSTEM

Vanguard's HR and technology leaders identified an opportunity to unify existing resources into a streamlined, evidence-based system. The ECP Program leveraged Workday's capabilities to integrate career development milestones with automated compensation adjustments. The initiative addressed three core areas:

1. **Development:** Vanguard introduced a clear engineering expectations framework, broken into 6-month checkpoints over 36 months. Successful completion of the first three checkpoints signaled readiness for promotion to one tier of roles, while the next three prepared employees for the next tier.
2. **Compensation:** Automated raises and promotions were tied to milestone completions, ensuring pay remained competitive. Projections were based on market data, aligning with the desired compensation trajectory for junior employees.
3. **Technology:** Workday's performance management and compensation modules were adapted to automate milestone reviews, salary adjustments, and promotions. Flexibility was built into account for life events or lateral role changes, ensuring fairness and adaptability.

The ECP journey, communicated to employees in Fall 2023, officially launched in February 2024, offering a structured and transparent path for junior engineers to advance.

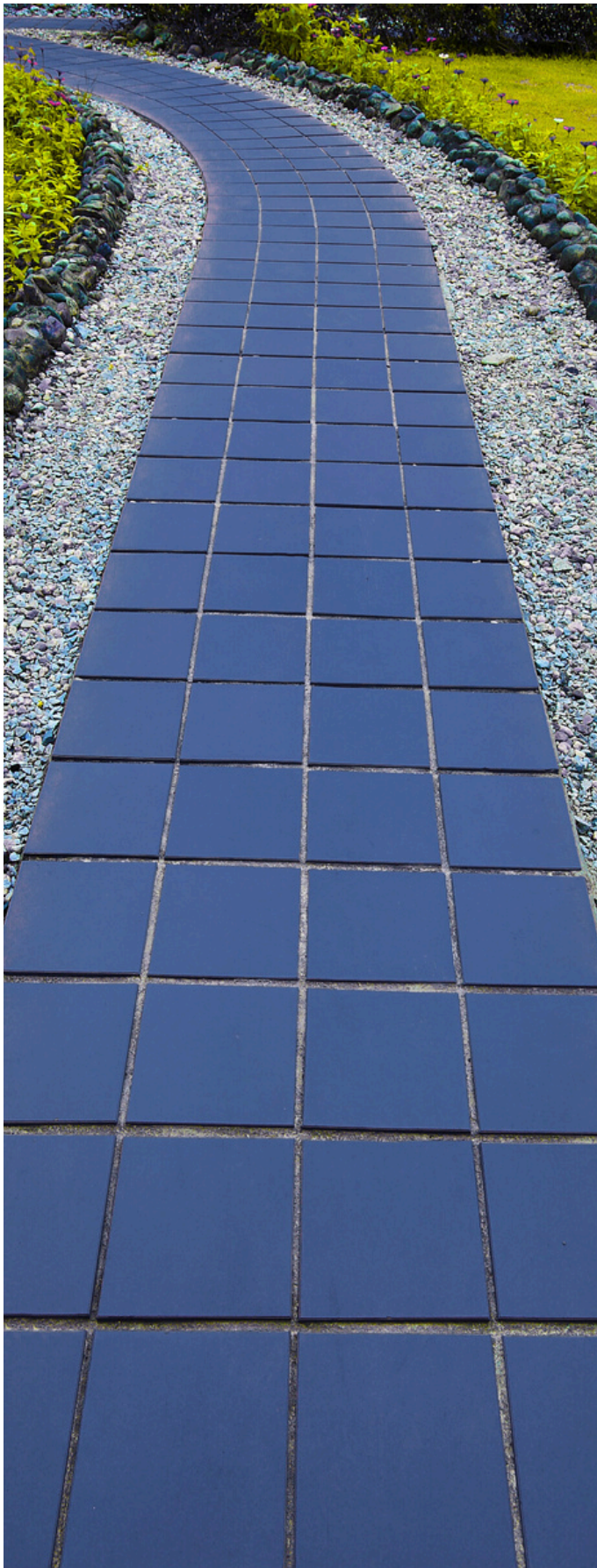
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THE RESULTS: REDUCING ATTRITION AND BOOSTING RETENTION

As the ECP Program approaches its first anniversary, the results are promising:

- **Attrition Rates:** Early-career IT attrition has fallen to 6% as of October 2024—a dramatic improvement from the 36% peak in 2022.
- **Internal Hiring:** The proportion of technology roles filled internally increased to 78%, up from 62% in 2022, reducing talent acquisition costs.
- **Employee Success:** Approximately 90% of milestone reviews were successful, leading to promotional or salary adjustments for over 1,000 employees.
- **Recognition:** The program's innovative approach earned Vanguard an Innovation Award from Workday.





TRANSFERABLE LESSONS FOR OTHER FIRMS

The ECP Program's success highlights actionable strategies for organizations seeking to enhance early-career retention:

- 1. Build a Business Case:**

Position programs as cost-saving measures. Automating compensation and development investments can offset attrition and hiring costs, while maintaining market competitiveness.

- 2. Leverage Existing Systems:**

Use familiar tools and processes to reduce build time and encourage adoption. Vanguard's adaptation of Workday minimized resistance by mirroring existing frameworks.

- 3. Define Scope Carefully:**

Consider starting with new hires to simplify implementation. Vanguard's decision to include all eligible employees added complexity and raised questions among tenured staff.

- 4. Emphasize Transparency:**

Clearly communicate pay and promotion milestones. Transparency builds trust but also creates expectations, requiring careful, evidence-based long-term planning.

- 5. Think Beyond Technology:**

While scalable systems are crucial, the human element remains key. Ensure managers are equipped to support employees through their development journeys.

SHAPING THE FUTURE OF TALENT MANAGEMENT

Vanguard's ECP Program demonstrates the power of integrating development and compensation to retain early-career talent. As the global talent market becomes increasingly competitive, organizations must adopt innovative, scalable solutions to nurture and retain their workforce. Programs like ECP offer a roadmap for aligning individual growth with organizational needs, ensuring that firms remain agile and future ready.

MEET THE AUTHOR

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Nick is a seasoned human resources leader with 14 years of experience driving organizational strategy and transformation.



A graduate of Cornell University's School of Industrial and Labor Relations, he also holds a Juris Doctor from Stanford Law School. After spending some time practicing public interest law, Nick took a role with Boston Consulting Group, where he specialized in organizational design and HR systems, particularly in the context of mergers and large-scale corporate transactions. His work took him across global markets, including Dubai, Saudi Arabia, and Nigeria. Nick joined Vanguard where he has held several senior HR roles. He led the firm's organizational consulting team and served as Head of HR for the Institutional business. He is currently the Head of HR for Technology. With deep expertise in talent strategy, organizational effectiveness, and business growth, Nick is passionate about building high-performing teams and shaping the future of work. Nick is an Adjunct Faculty member in the Villanova HRD Program.

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