



Executive Summary

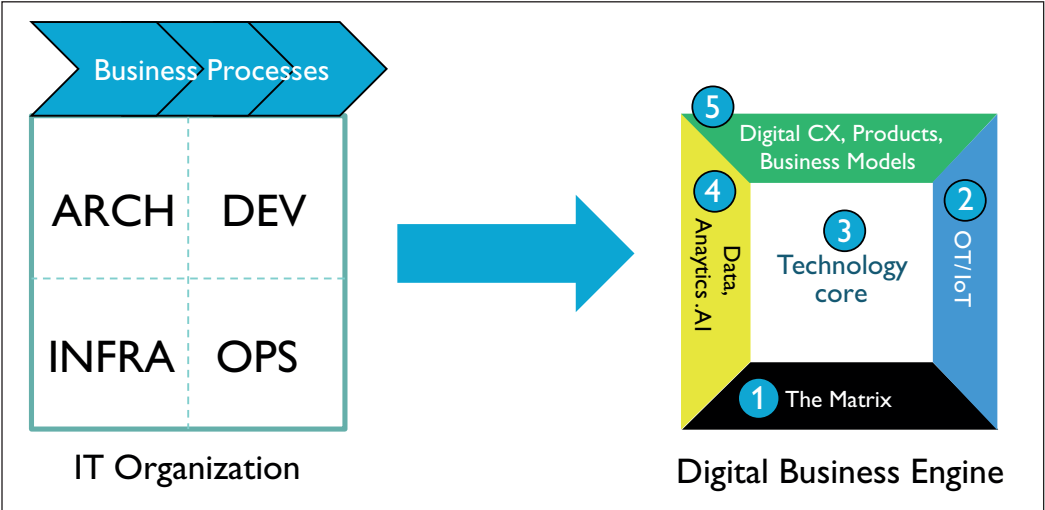
Unleashing Digital Talent for Fun and Profit

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Talent wars will decide the winners and losers in the next decade. Getting access to and unleashing the motivation and discretionary effort of great talent is arguably the most important job of leaders in all areas of every business and government agency. This is especially important and challenging in the IT and Digital domains, because the 'artist formerly known as the IT organization' is evolving rapidly, especially in five areas:

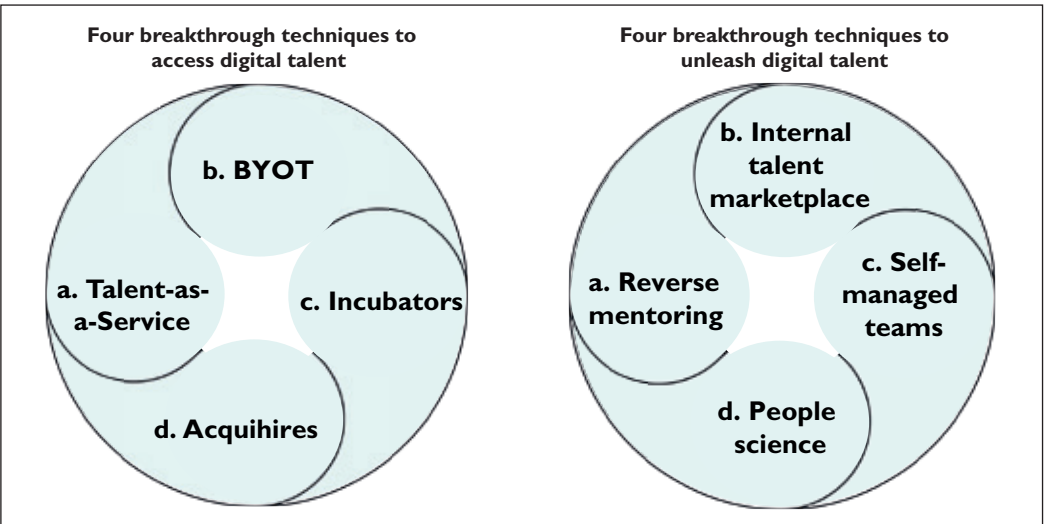


The artist formerly known as the IT department

1. Cloud-based services, and more generally the Matrix of digital services that can be consumed around the enterprise.
2. The integration of traditionally non-IT technologies – often referred to as OT (Operational Technology) – and instrumented physical objects – the internet of things (IoT).
3. A move to a more agile approach to development and operations (including Scrum, devops and Lean IT).
4. The needs and opportunities around big data – new data architectures and tools, unstructured data analysis, multimedia data analysis, machine intelligence, etc. – all create skill needs.
5. Instead of simply interfacing to business processes, the need for the IT organization to face off against – and maybe even create – digital platforms, products and customer experiences.

CIOs are telling us that the talent (i.e. people) they are currently hurting for are data scientists, security experts and enterprise architects. Human Resources (HR) departments have always struggled with roles, levels, pay scales and other aspects of the IT and digital domains. Also, arguably most HR departments are resourced and focused to provide the administrative duties of the talent lifecycle (hiring, promoting, exiting, etc.), not the more challenging goal of accessing and unleashing talent, motivation and discretionary effort on the organization’s most important challenges and opportunities. That responsibility has to sit firmly with all leaders in the enterprise.

Rather than romancing the talent problem, in this report, based on a six-month study, we have focused on identifying breakthrough talent management stratagems that most organizations aren’t doing, and almost none have mastered, but that hold significant promise for most. We found eight stratagems that fit well; four relate to accessing talent, and four to unleashing talent.



- **Talent-as-a-Service** – using crowdsourcing platforms like Topcoder or Kaggle to access talent that may not be available in the enterprise, commonly for projects, but conceivably for operations too. Economics may often be prize-based, so the winner gets the payment, and everyone else gets an explanation of why they didn't win. This allows you to access talent that you may not have/need permanently on board, and you don't even have to find it, it finds you! Learning when and how to use Talent-as-a-Service is not trivial; it requires practice, and guidance from those with experience with the crowdsourcing platform.
- **Bring Your Own Team (BYOT)** – also known as liftouts, this is the practice of hiring whole teams at once. They are ideally teams that have been through the forming-storming-norming-performing cycle a few times, have learned to work together well doing something similar, and have a balance of skills and styles. There is lots of evidence that teams like this have a very short on-ramp to value, but of course the us-and-them culture issues must be managed carefully.
- **Incubators/accelerators/catapults** – fashionable at the moment in Fintech and other industries, this refers to creating or sponsoring an organization/space that supports startups, often in a particular area such as blockchain. This offers privileged access to fresh talent for learning through osmosis, and maybe even hiring/acquihiring (see below). It is critical that you are clear why you are participating, and set up to maximize that benefit – for example, learning through rotating internal staff through the incubator as mentors.
- **Acquihires** – buying companies (often startups) with the primary goal of acquiring their talent. This has to be handled smartly because the assets have legs, and can walk out of the door at any time! It is important to know who you need for the transition, and who you want for the long term. More generally, all M&A best practices apply here, including deciding quickly and communicating clearly about any integration challenges.
- **Reverse mentoring** – the discipline of getting junior/less tenured people to mentor senior/more tenured people, on digital tools/21st century work practices and other matters. This brings fresh eyes to issues, helps more senior/tenured people learn new work practices, and fosters helpful 'skip-level' relationships. Using social contracts to manage expectations and focus relationships is helpful here.
- **Internal talent marketplaces** – rather than assigning people to work, people get to choose what work they do, and who they work for (after some interviewing). Managers lose the automatic right to 'own' staff. Staff can change the work they do, but there may be a limit to the frequency that they do it. There may be negative consequences for managers and projects that cannot attract people. The core benefit of this model is that talent finds the areas it has passion for. It is important to manage the process transparently so that people don't get disenfranchised if they don't get what they want, and so that you understand imbalances in demand and supply quickly.
- **Self-managed teams** – managing teams as atomic units (rather than the individuals in the team), and letting teams control how they work, choose their tools and allocate work to individuals. It involves keeping teams together for long periods, and in extreme versions, allowing teams to hire/fire their members and develop themselves, paying teams as one unit and letting them allocate rewards to individuals. It can unleash tremendous productivity, but technical integration and us-and-them culture issues must be managed with care.
- **People science** – applying artificial intelligence (AI) to one or more aspects of the talent lifecycle; for example, finding candidates or the initial screening process. As part of this research, we spoke to Collaboration.Ai which specializes in finding and supporting great collaborations, and Qlearsite which applies analytics and AI to various aspects of the talent lifecycle. This is a burgeoning area, and there are lots of other very interesting startups around. The startups tell us that the clients who get the most out of this area have committed people to this discipline, and are climbing the experience curve.

The bottom line is that talent management ain't what it used to be. The demands are different and more challenging. There are new and different approaches available. Like new technologies, we need to experiment with these breakthrough talent management stratagems, and be willing to fail fast, adapt and adopt the ones that work for us. We also need to view talent as 'flows' rather than 'stocks'.

If we view acquiring, accessing and unleashing talent as truly the top priority of every leader's job, then we would expect all leaders to devote a significant portion of their time to continually improving the talent pool, how talent works, how teams work, and how productive talent is. This isn't a 'one and done' activity; talent needs and opportunities are continually evolving.

LEF will continue to research this critical domain of practice, and look to unearth and analyze breakthrough practices and examples from all industries and geographies. Together let's make the next 10 years a decade of innovative talent flows.

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