

The Open Talent Economy



Jump ahead to the year 2020. Half the people you rely on don't actually work for you and that's a good thing—if you're ready.

Managing talent used to involve at least a few certainties. You knew what roles you needed to fill and where you could find the talent to fill them. When people worked for you, they came to your building in the morning and left at the end of the day. You could see and interact with them. And they could see you.

Today things are different. Changes on a global scale have upended these familiar patterns, and talent and employers now seek each other out, on more equal terms, from anywhere in the world. The evolving workforce is a mixture of full-time employees, contractors, and freelancers, and—increasingly—people with no formal ties to your enterprise at all. People move more freely than ever from role to role and across organizational and geographic boundaries. Global markets and products, driven by rapid innovation and post-digital disruption, demand new talent models that can be rapidly configured and reconfigured. Businesses expect agility, scale, and the right skills to be available faster than ever—in real time.

Welcome to the open talent economy—a collaborative, technology-driven, rapid-cycle way of doing business. What does this all mean for business and HR leaders? It means challenging core assumptions about how people enter the workforce, how they work together, and how to develop their potential. It means developing new operational frameworks that allow organizations to embrace those changes instead of falling behind.

While traditionally, companies have focused on the talent and workforce within their organizations and on their balance sheets, increasingly companies are expanding their talent networks to include “partnership talent” (employees who are parts of joint ventures), “borrowed talent” (employees who are part of contractors or outsourcing relationships), “freelance talent” (independent, individual contractors), and “open source talent” (people who don't work for you at all, but are part of your value chain and services). This trend will ultimately rewrite what the term “workforce” actually means.

What's driving this trend?

The tectonic shifts driving today's open talent economy are present around the world and in every industry and sector. They are fundamentally changing the structure of talent and work.

Globalization. The emergence of a global talent market across an increasing number of fields and disciplines is opening the world to new ways of acquiring, developing, and managing talent and work. The open diffusion of ideas, practices, and technologies—and above all, people—lets different parts of the world influence and depend upon one another in new ways. On one hand, time zones will always present challenges when colleagues want to collaborate simultaneously from Shanghai, Los Angeles, and Paris. But on the other hand, the availability of voice and video over IP make it possible to see, hear, and share documents in real time from your notebook, or your smartphone.

Technology. Technology is the foundation of the open talent economy. When people can learn, share, and work anywhere in the world, all our traditional talent assumptions are open for review. The growth in computing speed, storage, and power is making global, real-time collaboration possible in almost every discipline. Witness the growth of smart machines driven by advanced algorithms, such as IBM's Watson or Siri from Apple. Or the remarkable elasticity of resources like free webmail and cloud storage. Moore's Law holds that computer power doubles every two years. A lot of growth lies ahead.

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Mobility. Technical and social mobility decouples talent from physical geography and defined markets. Today's critical workforces are freer to work where they want, making career moves more seamless—and potentially more frequent. For their part, organizations expect people to be productive while on the move, which requires new skills in balancing priorities than ever before. Easier access to development resources is making vertical moves easier too, for both people and organizations.

Social business. The open talent economy is above all a human movement, where people can connect, share information, and spread community. It is the ultimate open-source app, shifting power from the traditional organization to dynamic networks. Organizations now must use social media not only to innovate their talent brands, but also to connect and deploy people who relate to the organization in widely different ways.

Education. In the past 20 years there has been an explosion in the growth of the education sector at all levels around the world, especially in Asian growth and emerging markets. The rapid growth of pools of talented manufacturing, services and knowledge workers around the world continues to reshape global talent networks. We are witnessing a new wave of innovation, driven in part by MOOCs (massive open online courses): Leading universities (including Stanford and MIT) are making high-quality courses, taught by world-leading professors, available to tens of thousands of students around the world.

Analytics. Rather than looking only at historical data to make decisions, employers can now use data analytics for both predictive and prescriptive purposes. Those who can effectively mine large pools of employee and business data for hidden insights and apply them will perform more powerfully in the open talent economy.

Closed ←————→ Open

Balance sheet talent	Partnership talent	Borrowed talent	Freelance talent	Open source talent
Full-time, statutory employees of your organization. You bear all the carrying costs of these employees.	Employees that are part of a partnership or joint venture that are on related balance sheet	Employees who are part of your value chain or ecosystem but who reside on someone else's balance sheet such as contractors who work in support roles	Independent workers you hire for specific but temporary projects	People who provide services for you for free either independently or part of a community – for example those who answer questions about your products on the web in an open source help function

Practical implications

Traditionally, organizations built workplaces around the physical requirements of getting jobs done—access to people, machines, materials, and customers. Team spirit was a welcome side effect. Now that work itself is increasingly free to happen almost anywhere, culture, passion, meaning, and collaboration are becoming the key value drivers.

Open everything. Open-source networks, and hybrids that combine traditional companies and open-source approaches, are redefining the boundaries of organizations. In addition to well-known open-source efforts like the Linux operating system and the Firefox browser, there are websites like Innocentive that allow companies and organizations to “post” problems and offer financial rewards for solving them. This model extends research beyond corporate boundaries and resources. As Sun Microsystems co-founder Bill Joy has famously remarked, “There are always more smart people outside your company than within it.”

A focus on projects. A growing number of companies are adopting project-based work models that reflect trends in industries as diverse as media, music, and advertising on the one hand and construction and large scale infrastructure projects on the other. As industries and companies evolve toward these models, new networks and relationships will emerge among companies and workers.

Rethinking the labor supply chain. What if your workforce isn’t even completely at work? One customer service operation uses the free time of stay-at-home parents. Individually, they can log in and log out as their other needs permit. Collectively, they form an always-on workforce that’s as large or as small as the company needs at any moment.

Customers as talent. A major electronics manufacturer has turned its own customers into a virtual workforce. That’s because people who look for help with products tend to turn first to user-driven message boards for advice. These boards have accumulated enough wisdom, and made it accessible enough, to all but replace on-staff customer service employees in a call center.

Lessons from the front lines

The trend toward an open talent economy is a big deal—and HR has a unique opportunity to lead this (r)evolution. Here are some lessons from pioneers in this emerging arena.

Redefine workforce planning and acquisition. Workforce planning has been focused on the talent and leaders who work for you. In the open talent economy, with an expanded set of talent pools available and the opportunity to build and orchestrate talent networks, HR leaders need to reinvent workforce planning, and talent sourcing, to consider the broad range of talent from those that work directly for you to those that are part of your business and talent network. This will involve new approaches and analyses working closely with business and finance leaders to decide which talent resources to hold close and which to manage through contracts and relationships.

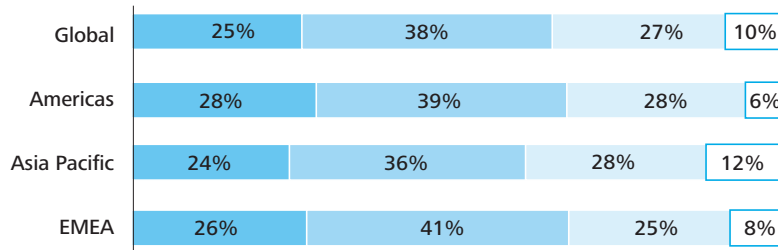
Build leaders who understand talent ecosystems. Given the pace of change in business and talent markets, it remains a challenge to develop leaders who can excel at today’s execution problems and tomorrow’s emerging challenges. This is true when it comes to leaders and their experience with the changing talent landscape. Many leaders are accustomed to talent “within the walls” of the company. Next-generation leaders will need to think like network and ecosystem designers when it comes to business and talent models.

Rethink development and rewards. In an open economy where people can chase the dollars they want (or the Euros, or yen, or yuan) anywhere in the world, money alone is just the opening bid. Because people increasingly view themselves as the “CEOs of their own careers,” they place more value on things like collaborative flexibility than they place on fancy office buildings—or in some cases, even pay. In designing and managing talent networks, development, careers, and compensation and rewards will need to be rewired to work for talent in different parts of your talent ecosystems.

Design sticky networks. Retention involves more than holding onto the employees who work directly for you. It’s increasingly critical to build talent networks that attract different categories of talent partners and specialists. The corporate and employer brands will need to appeal to and attract business partners (e.g., outsourcers, contractors, and freelancers) and those with ideas and insights you need for specific projects and R&D. This will involve combinations of talent operating models, branding, and technology.

The Open Talent Economy: Survey highlights

Relevance by region



- Trend is highly relevant today
- Trend will be relevant in the next 1-3 years
- Trend will likely be relevant in 3 years and beyond
- Not applicable

Region	Total
Americas	315
Asia Pacific	582
EMEA	412
Total	1309

Digging deeper

- 31% of respondents from the Technology, Media & Telecommunications industry report this trend as highly relevant today, the highest across industries
- A higher number of respondents (47%) from the Energy & Resources industry report that this trend as highly relevant in the next 1-3 years
- Respondents with strong business outlook for FY13 (46%) had a stronger view of this trend in the next 1-3 years in comparison to respondents with moderate to much slower growth (37%)

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Resetting horizons: Global human capital trends 2013

Looking beyond continued uncertainty, the world's leading organizations are raising their sights, and pivoting from the great recession to the new horizons of 2020 with a focus on talent, globalization, growth, and innovation. This report introduces 13 global trends that are driving critical business and human capital decisions. The report provides information on these trends across global markets through results of a survey of over 1,300 business and HR professionals from 59 countries. www.deloitte.com/hctrends2013

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