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Reframing the Talent Agenda

The shift, the race,
and the riddle

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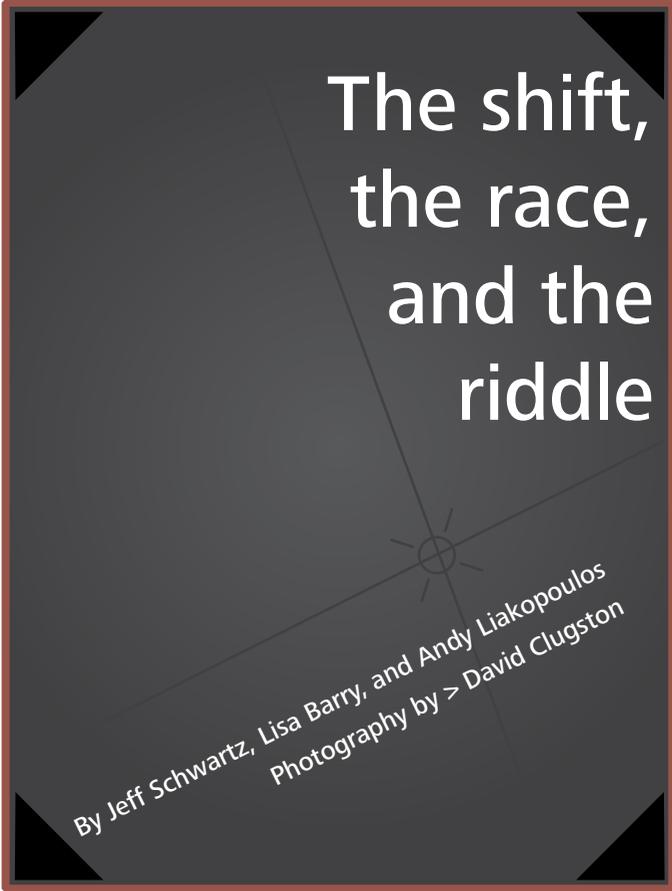
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Reframing the Talent Agenda:



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Photography by > David Clugston

The world's working age population has tripled from 1.5 billion in 1950 to 4.5 billion in 2010 and is expected to grow to 6 billion by 2050.¹ And yet talent remains a top concern for business leaders around the world—a concern that is very pronounced in Asia and in some of the world's fastest-growing economies. The concern is not the availability of workers. Rather, it is the apparent shortage of critical skills and experiences that leaders, managers, and workers require in jobs that are changing.

Over the past decade, as the global economy has become hyperconnected, a truly global market for talent and skills is emerging. As the global consumer and talent markets grow increasingly interconnected, we are seeing new patterns and priorities emerge in what has, for the past 15 years, been referred to as the “war for talent.” We believe the next challenge is the *war to develop talent*. A number of shifts and trends are presenting new opportunities for business leaders focusing on the ongoing importance of developing critical talent, leaders, and skills.

Recently we have been discussing the talent paradox as a shorthand to describe talent markets with apparent shortages of skills and leaders in labor markets with available—and willing—workers that do not have the required or expected skills and experiences. That’s the employer view of the talent paradox. The employee view of the same paradox is focused on workers making do where they are, accepting less job mobility and, in some, markets less compensation. At the same time we are seeing growing employee focus on the meaning and social impact of their work, professional development, and opportunities to attain greater levels of responsibility and challenge.

A reframing of the talent agenda is taking place in response to the major changes in the emerging global talent landscape. Many of the approaches and perspectives for talent management are based on earlier models, some from the late 19th century, built on factories, supply chains, and personnel administration. The emerging shifts and challenges in global talent markets suggest the need for new insights to shape the talent agenda. To gain perspective on these changes, this article considers recent research and insights from business academics and researchers who provide important perspectives on these changes. This article shares three diverse perspectives provided by Lynda Gratton from the London Business School, Andy McAfee and Erik Brynjolfsson from MIT, and Peter Cappelli from the Wharton Business School as context for the coming war to develop talent.

SETTING THE STAGE: GLOBAL TALENT MARKETS, 2005

Though any date cited will be somewhat arbitrary, a starting point for the emergence and recognition of global talent markets might be 2005. While technology-enabled workflows, communication, and education had already begun to change how companies hired and deployed workers, the change was given a memorable framing in the title of Thomas Friedman’s *The World is Flat, A Brief History of the 21st Century*, first published in 2005. The same year, former Reagan administration official Clyde Prestowitz described how this integration of world talent markets facilitated the entry of the workforces of China, India, and the other BRIC nations to double the global workforce in a decade.²

Beyond documenting these global trends, Friedman and Prestowitz served as wake-up calls to a post-Dotcom and post-9/11 business world. Changes in global talent markets previewed themselves in the late 1990s with the restructuring of central Europe and the former Soviet Union and the remarkable growth (and in the case of India, liberalization) of the largest Asian markets. And these changes heralded new aspects of the company-worker relationship, shifts in how work is done, and the dynamics of talent markets. Among the shifts:

- The rise of virtual and distributed work
- Changes in the supply side of the talent equation, including the addition of hundreds of millions of workers in countries such as India and China who compete for jobs in far-flung geographies
- Increasing returns on education and the skills of the global workforce witnessed through the demand and compensation for technical and professional degrees and certifications.

Given the pervasive transformation of the playing field, the rules of engagement for workers and companies have evolved, yet the structures and models in which they unfold have done so, at times, imperceptibly and arguably in some cases not at all. Just as education in many ways is stuck in the frame of the classroom with the teacher at the front and with students as receptacles of facts, the guiding paradigm of talent, careers, and work is stuck in the model of the factory—with fixed jobs and lifetime careers. These mismatches between the emerging global talent market and the ways in which businesses define and account for talent have become increasingly problematic and simply not useful to those imagining the future of jobs, careers, and work.

THE SHIFT

The nature of work, jobs, and careers has dramatically changed. In *The Shift: The Future of Work is Already Here*, Lynda Gratton, a professor at London Business School and the leader of the School's Future of Work Consortium, presents a sweeping overview of the trends reshaping work, jobs, and careers, addressing the concerns of the next generations of job seekers and providers.

The future looks different than the past, according to Gratton, starting with the premise that the world of work we have known is disappearing. The traditional 9–5 workday and sacrosanct weekend, already under siege due to the time zones associated with the global economy, are becoming a polite fiction among the always-connected set. Moreover, working beyond the bounds of the customary work hours

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.....
 in many countries is increasingly associated with status, importance, and seniority, as the rationale for cutting out at five o'clock (waning daylight?) seems distant and arbitrary.

It is not hard to find evidence supporting her observations. The role of the physical office has been greatly diminished, the degree varying according to the type of work being performed. The concept of the familiar cast of characters interacting locally has given way to the distributed team. The implications of this are far reaching and are increasingly extending their reach from the factory, to the call center, and now the design center, research and development, and knowledge work of almost every kind. Earlier visions of global talent markets focused on the call centers in India and the manufacturing plants in China. In our work, we are seeing:

- Technical design and R&D with companies creating global virtual R&D networks beyond North America and Europe, including centers in Singapore, Israel, India, China, and Russia, to access researchers and technical engineers.
- Advanced knowledge workers in fields such as teleradiology (a market growing at almost 20 percent per year),³ where trained physician radiologists (known as “nighthawks”) read, analyze, and provide diagnostic support from

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digital x-rays and medical images and where these specialists can be across the country and around the world. (Time differences work to their advantage as when, for example, they read x-rays midday in Australia when it's midnight in the United States.)

From a worker's perspective, as well, the implications are significant. Office politics, face time, and information hoarding are becoming relics of an earlier age. Leaders, employees, and students have begun to structure their work and careers in new ways.

- Work and jobs can be structured so employees, in increasing numbers, can work anywhere and shift at least parts of their work to fit their lives.
- New forms of job markets are being created with open sourcing, crowdsourcing, and the continuing growth of free agents and project-based work.



- The options to learn and develop new skills are being greatly enhanced as we are now almost two decades into web-based learning; we are witnessing an explosion of virtual learning resources. Notable examples include the Khan Academy, a global online classroom offering over 3,500 educational videos, as well as some of the world's leading universities moving into web learning and providing access to leading professors and their courses, including Udacity (an outgrowth of free computer science classes from Stanford) and Coursera (started with four partners including Princeton, University of Pennsylvania, University of Michigan, and Stanford) offering more than 100 online courses in the fall of 2012.

For business leaders considering how to redefine and refresh their talent agenda, this suggests that several time-honored paths to talent retention will need to be revisited and perhaps reinvented. Training, for example, which was once the way to develop skills that would often ensure lifetime employment or at least a long career, is now often judged in the broader context of how it improves the ability of the participant to interact with multiple challenges and across multiple teams. It is judged, crucially, not just by HR and management but by employees who increasingly recognize that professional development and growth is a critical aspect of job satisfaction.

Gratton considers how leaders, employees, and students can “future proof” their careers in response to five forces changing the world of work (globalization, technology, demographic and longevity changes, societal changes—including urbanization, and an energy-constrained/low-carbon future). The five forces Gratton describes are a useful starting point for consideration of why work and careers are at an inflection point. She does not suggest we combat them but rather understand how they are shaping jobs, careers, and work.

Her presentation of these five forces is important (and builds on ideas Friedman and others laid out in 2005): The world is more global and connected; technology is creating more connectivity and possibilities; demographics do matter, and the world is getting older; the role of social forces and communities are increasingly important; and within the next decade or two, we will likely live in a world leaning into the next energy revolution and not just a continuation of the oil and coal economy. Her presentation of these five forces provides an instructive background as to what is causing work and careers to change.

Gratton also presents a useful frame for different views of the future: the default future and the crafted future. This is an important idea both for organizations and their leaders and for individuals. She suggests that the default future is

the direction we are headed if we follow current trends and trajectories. The crafted future is a choice, based on considering what options and paths organizations and individuals might take while fully recognizing and embracing the changes ahead.

Perhaps Gratton's most interesting findings are the three shifts she describes:

The traditional 9–5 workday and sacrosanct weekend, already under siege due to the time zones associated with the global economy, are becoming a polite fiction among the always-connected set.

The shift to connectivity: In addition to deep skills, employees will need deep networks, including collections of masters (an evolving board of advisors), a posse (a network of colleagues/followers/apprentices), and active participation in broader open networks and communities. Business and HR leaders, as well as employees, are still very new to how to leverage networks to do our work, to innovate, and to develop our skills. Connectivity is still often viewed as adjunct to our work and careers. But just as work often will be done by networks, so too may our development and mentoring. Consider the rise of Twitter and microblogging as a means to stay on top of changes in almost any field and to create a board of advisors connected to leading thinkers in your field on a daily basis. Following 10, 20, or 100 leaders in your field will allow you to “apprentice” yourself to specialists and leaders in real time. This phenomenon is also identified by John Hagel and John Seely Brown, who have described the notion of “flow” with respect to ideas and knowledge as replacing the concept of, for example, knowledge stocks.⁴

The shift from worker/consumer to prosumer and community contributor: Gratton argues that we are seeing a trend of workers moving beyond working to consume, to working to create value and social meaning. Combining our ability to produce and consume is leading to the rise of the prosumer. As business leaders grapple with multiple generations, new concerns are moving from the periphery to the center of talent concerns. We are seeing the desires of younger workers (millennials) and older workers (boomers) to connect their social concerns to their work and companies. Social and community volunteer opportunities are moving from once-a-year activities to ongoing corporate volunteer corps, pro bono opportunities to invest your skills in the community, and an integration of professional and social concerns.

The shift from generalist to serial master: this is the idea that each of us as workers needs to think of a series of careers during the course of a long, productive life—50–60 years, which might include five or six careers of 8–15 years. Each career will likely require deep mastery of skills, knowledge, and experience. This has significant implications for employers and employees in terms of skill development and the structure of jobs, work, and learning. Specifically, we would need to prepare ourselves for multiple careers (and along with that, ongoing education and intensive skill building).

The shift to serial mastery is perhaps one of the most compelling new perspectives Gratton describes. The next generations of workers will likely need very different views of their careers. Given the aging of the global population and the longevity dividend we are witnessing around the world, new generations of workers can expect productive lives and careers spanning 50–60 years that, given the growth of knowledge and the changing nature of work, will likely include multiple (perhaps four to six) careers. The notion of “once and done” for an education and a career may be the exception rather than the rule. Not only will careers be non-linear, zig-zag, and look more like a matrix or lattice as described by Cathy Benko and her coauthors in her writings on *Mass Career Customization* and *The Corporate Lattice*,⁵ but careers will be longer and composed of multiple chapters. It is this longevity, multistage aspect, and push for constant reinvention that represent a distinct and critical change for workers and organizations. Workers, with support from their employers, and governments, will need to retool and deepen their skills, leading to the opportunity to spread the equivalent of graduate and professional education, and/or technical training, throughout their lives—moving beyond “bulking up” on education and training at the start of their careers. Companies that provide programs, structures, and incentives for multiple careers and retraining will likely see more engagement, loyalty, and deeper benches of critical talent and leaders.

THE RACE

We are being afflicted with a new disease of which some readers may not yet have heard the name, but of which they will hear a great deal in the years to come—namely technological unemployment. This means unemployment due to our discovery of means of economizing the use of labor outrunning the pace at which we find new uses of labor.

—John Maynard Keynes, 1930

Technology, a threat and an opportunity, is reshaping employment and the nature of work. “The pace of [technological innovation] has sped up so much that it’s left a lot of people behind. Many workers, in short, are losing the race against the machine.” Erik Brynjolfsson and Andrew McAfee, at MIT, in *Race Against the Machine: How the Digital Revolution is Accelerating Innovation, Driving Productivity, and Irreversibly Transforming Employment and the Economy*, describe advances in technology and how they are changing how we produce products and services and how we might work in the future. From the autonomous driving cars of Google, to versatile machines like Apple’s Siri, to Watson, the

Jeopardy! game champion (care of IBM), to programs that write newspaper articles and others that analyze thousands of legal documents (replacing hundreds of billing hours of junior lawyers), the authors help us navigate the rise of thinking (i.e., automating and pattern recognition) machines. They identify this as the second great technological revolution, the first being the steam engine and its progeny (electricity, motors, and distributed physical power), which gave us machines to take on physical tasks, multiplying—and in many cases replacing—our physical strength, dexterity, and work. A related view, focusing on thinking machines, is the growth of the algorithm economy, which is well documented by Christopher Steiner.⁶ In short, given the exponential decrease in the cost of computing power, speed, and storage (for example, in 1981 one gigabyte of computer storage cost \$300,000; in 2012 it costs all of 10 cents), it is increasingly possible to create machines capable of conducting complex algorithms in a timely manner and cheaply.

Machines, those focused on amplifying both our physical strengths and our cognitive abilities, are continuing to change the productivity of the workforce, presenting the dual challenge of machines as dramatic productivity enhancers as well as in a more threatening guise as replacements for various types of work beyond the rote physical tasks to which they have long been applied.

There are some jobs, of course, that will be difficult for machines to adapt—at least in the short term. These include jobs requiring intuition (e.g., psychologists, social workers, and some doctors) and jobs requiring a combination of physical mobility (machines have a hard time on stairs and in tight corners), fine motor skills,

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pattern recognition, and complex communication (e.g., plumbers and nurses). And perhaps most of all, creativity and innovation, the source of so much economic and social value, is the capability, at least today, farthest from the reach of computers.

And yet, as Brynjolfsson and McAfee take us on a tour of the challenges and opportunities of technology and how it is reshaping employment, they remain, in their words, digital optimists. While the droids may be taking our jobs, “we can’t win [the] race, especially as computers continue to become more powerful and capable. But we can learn to better race *with* machines, using them as allies rather than adversaries (original emphasis).” As they conclude: “We observe that things get really interesting once the contest is over and people start racing with machines instead of against them.” And in “racing with machines,” they point us in two directions: fostering organizational innovation and investing in human capital.

In the first, they suggest we focus on “organizational innovation: coinventing new organizational structures, processes, and business models that leverage ever advancing technology and human skills.” We see an example of this in the app economy. It didn’t exist before 2007. Michael Mandel, earlier this year, estimated that the app economy—Apple’s App Store and Google’s Android Marketplace—has produced more than 466,000 jobs in the past five years in the United States⁷. In a broader sense, this suggests that as technology opens new product and service possibilities, it opens space for new talents to be cultivated and applied. In this context, a traditional view of static roles and business configurations may prevent leaders from fully recognizing important new sources of, and areas in which to apply, talent.

In the second direction, “investing in human capital,” Brynjolfsson and McAfee note that “the message the labor market is clearly sending is that it’s much easier to create value with highly educated workers.” And while the authors see education progress, at least in the United States, as having stalled, they are upbeat about the “tremendous upside for improvements. ... As education becomes increasingly digitized, educators can experiment and track alternative approaches, measure and identify what works, share their findings, and replicate best approaches.”

The implications of both proposed directions are, in our view, vast. It requires imagination and creativity to envision new business models based on new or newly recombined technologies. Workers, too, will likely need to approach these possibilities with imagination and creativity because the notion of inventing your job has moved from the realm of slogan to a potential path to prosperity. That implies a familiarity with technologies that positions workers to see the possibilities, not merely to acquire the current skills required to deliver value with the technologies as currently used. From an educational perspective, as technology continues to evolve and change our jobs and the way we produce and create, we will likely

need to go back to school, or rather *never leave school*, as work and learning seem destined to continue to merge.

THE RIDDLE

Peter Cappelli puts the challenge to us directly in *Why Good People Can't Get Jobs: The Skills Gap and What Companies Can Do about It*. Focusing on what he describes as the apparent skill shortages facing companies, he identifies two main culprits: first, the focus of employers to sift, sort, and seek talent with the specific skills and experiences (increasingly relying on new technologies to do the filtering—with limited success); and second, the general trend away from formal training and development at the majority of companies.

Employers need to shift from being talent takers to skill creators. Cappelli argues that we need employers to build skills and experiences—not just wait around until they find them, ready-made and ready to go. Employers should shift from searching for the employee with the perfect combination of specific skills and experience to creating jobs and businesses that incorporate both formal training, apprenticeship, and mentoring models, and active development and on-the-job training through assignments and experiences. These findings, from one perspective, are not a surprise. Many of the most competitive companies are leaders in both formal training and the broader range of on-the-job and in-the-job development.

Cappelli writes:

The U.S. is at the moment the only country in the world where the notion that employers are simply the consumers of skills is seriously considered ... [and that] what's more, it makes no sense for employers, as the consumers of skills, to remain an arms-length distance from the schools that produce those skills.

Companies, perhaps, have the most to gain from changing their approach to skills and talent development: shifting from talent takers to makers. As the changing nature of work, influence of technology, and speed of innovation continue, the time to shift emphasis from the talent hunt to talent development is arguably upon us.

In our experience, a small, but growing number of companies are recognizing the importance and value of putting development and formal training at the center of their talent efforts. This includes companies that are reengineering the life cycle of training, investing in training and development that is directly tied to their business and customer priorities while enabling leaders and employees to benefit from high-quality programs and relations with mentors and advisors across the company. But, as Cappelli points out, these practices and investments may be woefully inadequate to the challenge.

THE NEW TALENT AGENDA: THE WAR TO DEVELOP TALENT

Reflecting on the Shift, the Race, and the Riddle, we are seeing a new, emerging set of priorities for business and talent leaders including:

- Reimagining the critical and ongoing role of development to work, jobs, and employee engagement and urgently moving beyond the “once and done” view of jobs, training, and careers.
 - Focusing on the central role of technology in redefining how we work, manage, and structure our jobs and careers.
 - Managing talent beyond corporate and national boundaries, recognizing that business ecosystems and global talent markets are replacing (and in surprising ways, augmenting) the company and local and national talent markets.
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Extrapolating from these views, and from what we have seen, we would offer that business leaders are now facing four new directions and priorities in the global talent agenda:

1. Redouble efforts, and focus on development.

Refresh linkages between talent acquisition, development, and work, recognizing that the workforce of the future (i.e., now) will likely expect and require constant development, training, retraining, and work that challenges them. While employees clearly cannot

expect lifetime employment, employers should expect that to keep and engage employees will involve *lifetime learning* and development.

2. Refocus on the evolving combinations of skills, technology, and work

as technology and innovation create new fields, new devices, new services, and new ways of connecting. While legacy approaches to talent were comfortable assuming relatively static relationships among skills, technology, and jobs, this view is increasingly untenable. The half-life of a job and the knowledge required by many fields grows increasingly (alarmingly) short. Or, as Brynjolfsson and McAfee remind us, it is time to “race with the machine.” Perhaps this means employers (and workers and governments) should be focused on what it takes to create and train workers for the new jobs, experiences, and roles that can take advantage of new technologies and new business models at what appear to be increasing speeds of change.

3. Redraw boundaries for talent management.

Current approaches to talent are limited and almost exclusively focused on employees within the company and on its balance sheet. However, current and emerging business strategies are increasingly integrated components of larger ecosystems, including research communities, freelancers, and third parties and networks that assemble and support core products and services. Employees may be stay-at-home parents answering call center inquiries in the middle of the afternoon or they may be college students blogging on how to fix a problem with their smartphone. How to identify, engage, integrate, incent, and

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invest in employees and talent across your business ecosystem (and in many cases, beyond your company) will likely become a critical consideration and opportunity.

- 4. Redefine the career value equation.** Increasingly, and with a resurgent economy, talented workers seem poised to move away from the “search the classifieds” mindset to one in which they consider how a particular episode will play into the broader context of their careers and lives. Leaders can watch this happen, or design roles and work environments that make a company an attractive proposition for the networked and continually developing worker who might otherwise view the company as a transitory place enroute to the next great thing. As companies struggle with the challenge of lifetime development, learning, and growth, we are also seeing a need to rethink the notion of a career and the broader relationships between companies and employees.

We can see this moving in two directions that can reinforce each other. The first is companies that are creating flexible models incorporating the ebbs and flows of careers (as outlined in the Benko et al. works referenced above on *Mass Career Customization* and *The Corporate Lattice*) while at the same time making new investments in development (formal, informal, and on the job), combining work and learning. The second is developing new relationships between employees and companies including the notion of corporate alumni—former employees with relationships to the company, perhaps as clients or as part-time workers—and the idea of boomerangs—employees who leave for a period of time and come back. In short, it is time to recognize that employee–corporate relationships can move in new and different directions and take new forms.

Taken together, these four directions can help shape a new agenda for talent starting with a fresh and renewed focus on development, moving beyond the idea of a war for talent and to *the larger challenge of the war to develop talent*. Companies should also move beyond a view of talent focused on sorting, selecting, and narrow monetary incentives, to one focused on balancing the abilities and concerns of people with technologies and jobs, integrating the social and community aspects of employment as specific parts of the employer brand. This new agenda will recognize that corporate boundaries are not the end of the talent management challenge. They are a departure point for influencing, enticing, and integrating talents of freelance, third-party, and open-source talent ecosystems from almost anywhere by building new networks and ways of working. DR

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