

# IN FOCUS

HR PEOPLE + STRATEGY'S WHITE PAPER SERIES

## A New Model of Talent Management: The Internal Talent Marketplace

### OVERVIEW

Existing companies have business units, leaders, reward systems, and job roles that institutionalize the way they are now. This is good for growth and scale, but they get in the way of new ideas. When you want to spin up a new idea, create a new product, and go after a new market, you have to break down these silos. This whole model of management has to change. This white paper provides insights into a new model of talent management and why companies should invest in redesigning the entire management system.

As the job market has tightened and businesses continue to grow, it has become harder and harder to find the “right” skills in the external job market. Today companies spend more than \$4,500 on average per new hire; for highly skilled people, the cost can be \$30,000 or more.

As a CHRO said recently, “We have all the skills and capabilities we need inside the company. However, they’re locked up in managers’ closets. Managers are hoarding these people for themselves.”

The skills companies need are not just technical, such as software engineering, artificial intelligence (AI), or cybersecurity. Also in demand are skills such as sales, marketing, team leadership, supervision, and quality control. Research done by Burning Glass shows that the jobs of today are hybrid in nature, so even highly skilled experts need to understand many different domains to excel at work.

### TRADITIONAL TALENT MANAGEMENT: MANAGING THE PIPELINE

The traditional way we’ve dealt with hiring for new skills is to look at the talent

pipeline. That is, we look at the external job market in each of the cities and countries, we target our recruitment and employee brand toward the right talent pools, and we go out and look for the skills we need.

If you do this well, you end up with a whole model for workforce planning. You can actually decide where to locate a facility or new operation based on the availability of talent in that market. And if you work hard and smart, you can identify competitors to steal people from, adjust your compensation and benefits to attract people from peers, and target universities and other talent pools.

All this works ... kind of. The enormous PR blitz Amazon produced in order to locate the “Amazon HQ2” is a perfect example. Amazon forced dozens of cities to help improve its talent pipeline, and then at the very end of the process, decided to locate the company’s next highly skilled workforce in the middle of one of the most competitive, expensive job markets in the world—Crystal City, Virginia, located near Washington, D.C.

In Amazon’s case, this may work out

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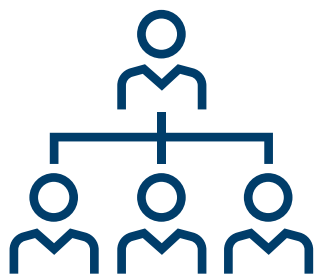
Josh Bersin

because the company has such a strong brand and most employees have stock options. But most companies—even the Amazons, Facebooks, Googles, and Apples of the world—can't get away with this approach much longer. They must start looking within.

In the traditional world of talent management, we have also used multiple forms of internal development to help fill the pipeline. Unfortunately, as 2018 research with Deloitte discovered, the methods used have not worked very well. We asked approximately 10,000 companies to rate their internal mobility strategies, and the results were discouraging. More than two-thirds of respondents told us that in their companies, "It's easier to find a new job outside the company than it is to find one within."

The internal movement of talent is weak by design. For the last few decades, we have built talent practices that use tools such as the 9-box grid, performance ratings, and various other manager-controlled approaches to deciding who is ready to move up or across to the next job.

Why did we do this? We spent a lot of energy and time telling managers that career development was part of their jobs. In fact, I conducted a study a decade ago that looked at various forms of internal mobility and found the results illustrated below.



In other words, the more top-down and strategically we manage our talent pipeline, the better the business outcomes. In addition, this study took place before digital transformation became a top topic in business.

I would venture to say, however, that today the results may be the same. I frequently hear from HR leaders that they are struggling to build long-range talent plans because the skills needed keep changing so fast. Accenture has a project it's doing to help a large energy company transform its IT and geological technical workforce. After applying extensive analytics to hundreds of job descriptions and skill models, they've found that more than half of the existing jobs need to be reformed or refactored into new roles and that the skills gaps are wide in many areas.

Most companies don't have anything as sophisticated as this to draw upon. In such cases, leaders can only look at the skills required for new job openings and guess whether upskilling, reskilling, or retraining existing employees is a better option than hiring new employees.

I strongly believe in internal academies to reskill people, and there are now clear best practices to do this. But internal academies are relatively new phenomena in most companies, so we need to push even further.

The more top-down and strategically we manage our talent pipeline, the better the business outcomes.

Career Strategy	Relative Business Outcome
Company-wide career management strategies	➤ 35% positive business outcomes
Department-wide career management strategies	➤ 27% positive business outcomes
Manager-led career management	➤ 11% positive business outcomes
Employee-driven career management	➤ -12% business outcomes

## AN ALTERNATIVE APPROACH

The alternative approach to creating a robust talent pipeline is to create a vibrant and active internal talent marketplace that dynamically balances demand and supply.

For instance, when a city becomes a popular destination, whether because of business or leisure, a demand for airplane seats and hotel rooms is created. Consequently, airlines, hotels, and other services add supply to meet increased need. And, if demand continues to escalate, prices go up. This further encourages suppliers to build more supply because margins increase.

However, when demand cools for some reason—such as bad weather—suppliers drop prices, add more benefits, or otherwise upgrade offerings to continue attracting people. Eventually, if the destination stays out of public favor, suppliers shut down and move.

This type of dynamic works amazingly well for a wide range of businesses, from travel and hotels to consumer goods of all types. For it to work, these factors need to be in place:

- » Transparency: Market buyers need to know what's for sale.
- » Granularity: Market buyers need to easily find what they need—whether it's the right dates, size, colors, or quantities.
- » Price flexibility: Market buyers want to buy based on current value.

Dynamic change: Market buyers want to buy current offerings, not outdated products or services.

These factors can be perfectly applied to talent management. Imagine a

talent marketplace in which employees inside your company can find the right job, project, or task and get rewarded for their work. This “pixelated” workplace lets people with deep skills sell them to others in the company. It lets managers in need of key skills buy them from others in the company. And it gives individuals and teams a dynamic, self-regulating market that lets hot skills grow in demand, gives people signals to develop skills in new areas, and provides HR (the market makers) the information needed to guide the market in the direction the company wants to go.

## A NEW IDEA:

### COMPANY AS A TALENT NETWORK

In the old model of work, everyone had a job at a designated level in the organization and reported to a designated individual. Managers were put in place to take responsibility for these hierarchies and tasked to make things happen.

In such models, employees progress up the hierarchy through successful execution of their

jobs, demonstrated growth, and cultivated relationships. While employees may spend some time in cross-functional teams, such work often considered a side job and not widely recognized. Employee success and promotions are largely determined by performance in one's official job role.

In highly innovative business environments, things must happen faster. For example, around 2004, Google implemented a “20 percent time” policy, which encouraged employees to spend 20 percent of their time on projects they thought



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would benefit Google and to team up in ways to bring ideas to life. This approach highlighted the fact that *companies are not really hierarchies; they're networks*. You do the job you have, but you also help other teams succeed as you go.

I wrote about the need to redesign organizations in 2017. Back then, we found that around 6 percent of companies operated in organizational networks (the image on the right-hand side of the graphic below). Today almost 35 percent of companies characterize themselves as networked organizations. Nearly everywhere people talk about team-centric leadership, empowerment, network-based leadership, and the need to build followership, agility, and project-based teams.

In this new world, when the market demands a new product or service, we formulate a new team (Deloitte calls it a “sprint”), assign people to work on it, and ask them to go off and start something new.

## CREATING NETWORK-BASED ORGANIZATIONS IS DIFFICULT

Transitioning from hierarchies to networks isn't easy. Today “agile” has become the most popular new

management practice.

Leaders often think “doing agile” means “becoming agile.” It turns out this isn't true.

Paul Cobban, Chief Innovation and Data Officer at DBS in Singapore (named by *Global Finance Magazine* as the best bank in the world in recognition of its digital transformation), has led

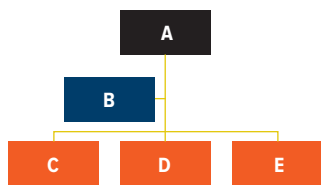


the company's agile transformation. The bank created hundreds of small teams to do two-week sprints to simplify practices and make the business more efficient. Now, several years into this journey, he said that ultimately the successful transformation is all about employee trust. People have to know that taking time to work on new projects and speaking up

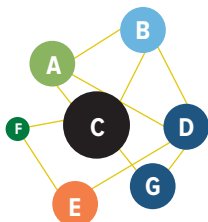
Moving to a network-based structure also means making it easy for people to take on new roles.

### Organizations Must Redesign Themselves

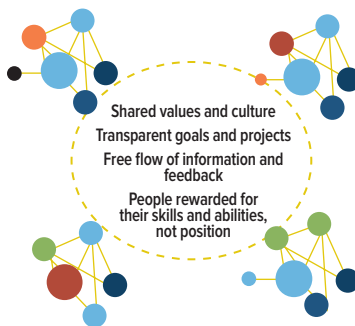
#### A network of teams



How things were



How things “are”



How things work

Source: Rewriting the rules for the digital age. 2017 Deloitte Global Human Capital Trends.

about problems won't negatively affect their jobs or evaluations.

Moving to a network-based structure also means making it easy for people to take on new roles. In a company that has spent decades building job levels, rewards, and talent models the old way, that's hard to change.

The CHRO of a legacy technology company said in May 2019 it was becoming almost impossible to get people to take new assignments because everyone wanted a promotion. She said the response was always "I'll take that job if it's a level up" or "Is that a director-level job?" To counter the problem and encourage job mobility, she said the company eventually decided to do away with job titles and reduced the number of job levels dramatically.

But even that isn't enough. We need tools that help people *find the job they want*, describe the work that needs to be done, and give people the rewards and development to help them work in an agile way. How do we make these projects and jobs available and help people find the right ones to take?

Most companies are struggling with these challenges. Digital business models have forced us all to be more agile and team-oriented, yet our management practices and job roles get in the way.

## HR AND MANAGEMENT TOOLS ARE ALSO BEHIND

Cisco, a company that has grown and adapted through hundreds of acquisitions, prides itself on talent mobility. One of its leaders said that at Cisco, you can take any job you want in the company, so long as you're qualified and have

spent two years in your current role. Your manager can't stop you from taking another job, and internal mobility is highly valued.

Cisco went out to find management tools that would facilitate and support job mobility. Did it find any? No, not really. All the traditional HR management and work management systems are built around the hierarchy. Cisco found it had thousands of teams that could not be recorded in any system at all. (Cisco has now implemented a new team-based solution to try to fix this.)

Some would claim you could post these opportunities on the internal job board. Of course you can—companies do this all the time—but do you know how hard it is to find a job on the company website?

Would the hiring manager even hire you if you applied? And how do you find the "right" job or project for you? Just like we have AI tools to help candidates find jobs, we need algorithms that help employees find the jobs and projects best suited to their skills, interests, and career goals.

This kind of software was never imagined ten years ago when talent management tools were built. But today it's starting to arrive.

Following are two examples of how technology is supporting the creation of network-based organizations.

## UNILEVER: A COMPANY BUILT FOR PURPOSE

Unilever is one of the most interesting companies in the world. You probably know Unilever for its many consumer products, including Dove soap, Lipton tea, Breyer's ice cream, and Q-tips.



We need tools that help people find the job they want, describe the work that needs to be done, and give people the rewards and development to help them work in an agile way.

But at its core, Unilever is a purpose-driven company, focused heavily on bringing purposeful and sustainable products into our lives. The company acts locally in every geography, working hard to build a management structure that is inclusive, diverse, purposeful, and growth-oriented.

Consumer product companies are among the most dynamic businesses in the world, and they attract ambitious, hardworking people. So, as they grow, acquire new companies, and adapt to changing market needs, they must constantly give people new opportunities and make mobility and project work an imperative.

Jeroen Wels, Executive Vice President of HR at Unilever, has been pioneering a new management system to do this—and it's now public for all to see. Officially announced in June 2019, FLEX Experiences is an internal online talent marketplace that helps employees identify open opportunities in real time, personalized just for them.

The way it works is simple. Employees are asked to build purpose statements and share their skills and desired skills online. Every employee becomes part of Unilever's talent network, and the system helps them find great projects to work on.

Not only does the system help employees find new jobs, it also helps democratize the entire workplace, using AI to help people find the best possible work for the skills they have and the skills they want. Unilever already has 30,000 employees using the system across 90 countries.

When Wels was asked how managers feel about this, he said they've already created management practices that work with the new system. Employees can work on multiple projects at a time, and their managers know what they're doing. For instance, a marketing professional in the U.S. might take time to help a global

innovation group build a go-to-market plan for a new product. Periodically, projects are reviewed, contributions assessed, and next-step needs identified.

Certainly, the ability for employees to shop for opportunities and teams, and for managers to shop

for needed skills, are very important elements to the solution. But it actually goes further. The solution is facilitating the new world of work, and it unleashes energy, productivity, and growth throughout the workforce. Already Unilever has unlocked more than 60,000 hours of work that people want to do.

## **SCHNEIDER ELECTRIC: GLOBAL MOBILITY EXPLODES**

The second example is Schneider Electric, another pioneer in its space. Schneider Electric's innovative diversity program received attention late last year, and since then the company has moved fast. Olivier Blum, Schneider's CHRO, also sees internal work management as key to the company's future.

Andrew Saidy, Vice President of Talent Digitalization at Schneider, told me the company found that 47 percent of exiting employees leave because they couldn't find the opportunities they wanted. With 140,000 global employees, the company





needed a high-powered internal mobility program.

Schneider Electric implemented a tool for job sharing as well as for mentoring. The company started with the 2,300 people in HR and then expanded to U.K. and Ireland operations with more than 4,500 employees.

Schneider also focuses on employee self-assessment and encourages people to share their purpose and goals with others.

The tool Schneider uses facilitates mobility by asking people if they'd like to take on a global assignment and lets them promote their internal experience.

And as a talent network, it lets employees promote their skills to others.

Saidy told me use of the platform has exploded. More than 75 percent of employees already recommend the system, and, similar to Unilever, Schneider rewards people for project work and encourages people to loan their skills to others.



a “talent network” in your company will greatly improve employee retention.

2. *Development and growth:* Training alone is not enough for skills development. On-the-job experiences are invaluable in helping people learn. Talent networks create new opportunities and help cultivate expertise, bringing new depth to your workforce.

3. *Business agility and innovation:* When employees feel safe to try new things, contribute to other projects, and share their expertise, they can innovate and solve problems faster than ever. This new network model of management will become essential for future growth.

Cobban said, once the digital mindset started to grow at DBS, everyone wanted to work this way. Companies such as DBS, Unilever, and Schneider are showing us the way forward with this new model of management.

## THE NEW WORLD OF WORK IS HERE

While project work has been around for decades, it is now central to success. In fact, the more digital your company becomes, the more project-based it needs to be. We need tools and systems to facilitate this new world of work, and they are arriving at last.

In conclusion, keep in mind three important things:

1. *Engagement and retention:* In a tight labor market like today's, developmental assignments and exciting projects are one of the most valuable opportunities you can provide to employees. Creating

## AUTHOR

**Josh Bersin** is an industry analyst, author, educator, principal research partner for HR People + Strategy, and thought leader focusing on the global talent market and the challenges and trends impacting business workforces around the world. The founder of Bersin™ by Deloitte, he studies the world of work, HR and leadership practices, and the broad talent technology market. He is often cited as one of the leading HR and workplace industry analysts in the world.