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Talent Agility is Critical

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Talent Agility is Critical

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Organization agility has become critical to the survival of most organizations. There is a clear consensus among business researchers and executives that organizations must be able to change rapidly and effectively in order to survive. As the world becomes more complex, more interdependent, and more demanding of sustainable organizational performance, the extent to which they need to change is likely to increase.

Although there is great agreement that organizations have to get better at changing, there is much less agreement on what organizations need to do in order to become more agile. In our recent book, *The Agility Factor*, Chris Worley, Tom Williams, and I provide an answer. We argue that organizations need to change their approach to talent management in order to become more agile. Like many others, we point out that the career model of employment does not fit with the need for organization agility, nor with the expectations of many 20-35 year olds, for that matter. It simply creates too many obstacles to rapid organizational change. Organizations need to be able to quickly add new technical skills and levels of performance. This requires a workforce that is willing and able to do new things in new locations--with different technologies and with different organization and job designs.

Organizations need a new approach to talent management that creates a workforce which supports changes in what individuals do, where they do it, when they do it, and how they do it. One extreme approach to achieving this is to depend heavily on contract or cloud sourced labor. oDesk and other firms that match individuals to firms on a web-based contract basis are an example of one type of talent management, which makes organizations highly flexible in terms of their workforce. The oDesk approach undoubtedly fits some of the work that rapidly changing firms do. However, it falls short of being a general talent management model that fits most organizations. It simply does not create enough organizational continuity nor does it take into account the ongoing relationship that many organizations need with their customers, suppliers, communities, and the governments in which they operate.

What is needed is a talent management approach that attracts, retains, and motivates highly talented individuals for as long as they are needed by an organization. It also needs to

minimize the transaction costs and disruption that is produced by changing the members of a workforce. An approach that does this is being used by a number of Silicon Valley firms in the United States, including Netflix, Google, and LinkedIn. LinkedIn calls it the alliance model and talks about individuals taking “tours of duty.” In our book, we call it the “travel light approach.”

On its website, Netflix outlines its approach, whose key characteristic is “guaranteeing” employment to individuals for as long as they have the skills that they need to perform at a high level. Netflix states that, when either of these two conditions no longer exist, individuals will be terminated. Where there is no guarantee of employment, there is no commitment to developing employees. It is up to each individual to be sure that they have the skills that the organization needs. Netflix promises to help employees figure out what skills will be needed, but it does not guarantee that they will turn out to be the ones that the organization needs. Development and career management decisions are left up to the individuals. All the organization offers is the best information available on what is happening to the business. It is important to emphasize that employees are not told that they are temporary or contract workers, on the contrary, they are employees but they are told not to expect a long-term permanent relationship with the organization.

It is one thing to specify what this new relationship is like, it is quite another to create an organization in which it leads to effective organizational performance. The danger with this can be that individuals will spend most of their time only looking out for their self-interest and making little or no commitment to the organization and its performance. This clearly is a danger; and as a result, in order to prevent it from becoming a reality, organizations which adopt it need to attract and retain talented individuals who accept the deal and perform well while they are employed. With that in mind, let’s turn to some key management practices that will make this happen.

Staffing

Creating an effective talent management system for a travel light organization must begin with the recruiting, selection, and onboarding process. It needs to be based on an accurate employer brand. There is no substitute for utilizing recruiting practices that accurately reflect

what individuals will encounter once they become full-time employees. Thus, the information that is provided to recruits should emphasize that employment is very much dependent on the skills that individuals have, the organizations need for those skills, and their performance. This is a key theme in the information on the Netflix website that all job applicants see when they apply for a job.

It is important in the selection process to look for individuals who have either changed jobs relatively frequently or changed their skills and competencies frequently. They are much more likely to be able to adapt to the changes that will be required as the organization changes or to look for another job when the organization no longer needs the skills they have. Past behavior is the best predictor of future behavior.

Pay and reward systems

In order to be effective, the pay and reward systems of an organization need to reflect what the organization is focused on with respect to gaining a competitive advantage. In the case of agile organizations, the focus is on performance, skill development, and change. The obvious implication for the reward system is that it ought to focus on the skills individuals have and on their performance, not on jobs they have. A traditional pay approach that focuses on jobs and paying individuals based on what their job is worth is inappropriate for an organization that wants to be agile. It motivates individuals to protect and grow their jobs, rather than to develop their skills and do what is needed in order to have them fit the changes that are occurring.

In most cases, performance rewards need to be relatively short-term and focused on individuals rather than groups. In some situations, group or team rewards are appropriate but they are less likely to be appropriate in a situation where rapid change is occurring. The reason for this is straight forward. In traditional organizations, there is likely to be a longer relationship between individuals and organizations. Individuals, particularly if they are rewarded for organizational performance, may be committed to helping the organization perform well, even if they are not rewarded individually for their performance. In the case of the more transitory relationship that exists in a travel light organization, individuals need to be motivated by relatively immediate and clear rewards for how they are performing. In the absence of rewards

for their performance, individuals may have little motivation to perform their job well and instead of doing it, they are likely to focus on looking for their next job. In addition to being based on performance and for retention purposes, pay rates need to be high because job security is not being offered.

Performance management, a frequently criticized practice in traditional organizations, needs to be prominent in agile organizations. An effective performance management system is fundamental to making the talent management systems of an agile organization effective. The travel light approach must have valid performance and skill information about everyone. Without it, the organization cannot make good decisions about who should be retained because they have or can quickly develop the right skills and are performing at a high level.

Leadership

Leadership is a critical element in any organization but it is more important in an agile organization than in traditional ones. Agile organizations need frequent updating of their strategy and direction, and individuals need to understand the changes that are taking place and the implications for where, what, how, and when they should be performing. Part of this can be communicated to individuals through work design changes, reward systems, and performance reviews. Some of it is best communicated by articulate leaders who explain why the changes are necessary, what they involve, what their implications are for individuals, and how they should be implemented. Traditional “do what I tell you” type leadership simply will not work in an organization where individuals are not motivated to work towards the organization’s success because their future does not depend on it.

Work Design

Travel light talent management systems are particularly popular in technology businesses. One of the characteristics of technology organizations is the complex nature of the work they do and the need for talented individuals. This type of work often has an intrinsic motivation character. People work hard and effectively because of the satisfaction they get from

meeting challenges and producing significant products. Not everyone can have a highly challenging job, but it is important for organizations to pay attention to the structure of the work that all individuals do in order to see that it is as motivating as possible. This means work that gives feedback, challenges the skills and abilities that people have, and has tangible outcomes.

Conclusion

Agile organizations need talent management models that emphasize talent agility. In order to be effective, they have to do more than frequently churn their workforces so that they have the right skills. They need to be designed and structured to operate with low labor change transaction costs, assurances that individuals are performing well, and motivating job designs. Those organizations that can create talent agility are likely to be highly effective in today's rapidly changing world.