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Winning the war for Tech Talent

For organisations operating outside the tech industry

Executive summary

Today's world of rapid digital transformation has created a shortage of key skills in the labour market, with Tech Talent forming a "hot" market. Tech Talent is now sought by nearly every company in every industry. The demand for this skillset overwhelmingly outweighs the supply, driving the growing global technical skill shortage to its highest level since 2008[1]. LinkedIn's 2018 report on in-demand skills found that people with AI skills are nine times more difficult to find than typical candidates[2]. The economy has created a bidding war for Tech Talent, increasing the cost of hiring. Companies are spending $4,000 or more per job candidate, hiring Tech Talent skills externally[3].

In this candidate driven market, organisations need to differentiate themselves to appeal to talent. **The financial services industry is being forced to "step up" in adapting their talent strategies for constant changes in the market,** resulting from disruptions of digital commerce and new competitors. Top tech employers and fintechs might be offering stock options, significant (signing) bonuses, and other benefits. Facebook, for example, has been known to pay software engineering interns up to a $100,000 signing bonus[4].

As IT professionals are inundated with offers, **an organisation's brand and Employee Value Proposition will be key to its success in attracting and retaining the best Tech Talent.** Talent strategies will have to take into account the approach to not only permanent employees, but contingent workers. As the impact of the fourth industrial revolution is forcing organisations to broaden their resourcing channels. Intuit Contingent Workforce Forecast suggests that 48% of the workforce will be contingent by 2022[5], meaning **employers will need to consider a holistic approach to their internal and external workforce.**

In this paper we share on five key areas that organisations should focus on, in their pursuit of Tech Talent, alongside recommendations. All of which have been gained from our work in this space with clients across the financial services industry.

We also discuss the impacts of COVID-19 in identifying and reskilling Tech Talent and ensuring business resilience.

1. **What tech skills do organisations need today, tomorrow and next year?**

2. **How should organisations brand themselves to attract Tech Talent?**

3. **How to utilise the skills that already exist within the organisation?**

4. **How to retain Tech Talent within your organisation?**

5. **What role does Tech Talent play in times of drastic change and crisis such as COVID 19?**

1. Mack Gelber, *The Tech Talent gap is even larger than you thought,* 2019
2. LinkedIn, *LinkedIn 2018 US Emerging Jobs Report,* 2018
3. Josh Bersin, *Rethinking the Build vs. Buy approach to talent,* 2019
4. Beecher Tuttle, *Comparing salaries and bonuses at Facebook, Amazon and Google,* 2019
5. Intuit 2020 Report, Twenty Trends that will shape the next decade, 2020

① What tech skills do organisations need today, tomorrow and next year?

The fourth industrial revolution is generating an unprecedented speed of change. As technology continues to transform the workplace at pace, organisations must understand the tech skills they need today and how their requirements might change over the coming months and years.

56% of HR leaders agree that preparing the workforce for AI and related technologies will be the biggest challenge for the HR function[6]. Therefore, **successful organisations will rely on a robust and future-proof approach to workforce planning for Tech Talent.** This approach will connect business strategy and operating model to people and skill requirements, which can be used to source talent internally and externally.

Whilst not a new concept, **typically organisations have struggled to design and implement their workforce plans.** The reasons for this include - insufficient people data to inform the current workforce view, inability for business leaders to forecast the tech skills they will need, inconsistent and siloed approach to workforce planning across teams, and reactive tendencies to focus on immediate priorities rather than longer term goals.

Organisations will need to grasp what technologies will impact the workforce, and what tech skills are required to deliver the technology strategy. Hosting deep dive workshops with business leaders early on to provoke consideration around which emerging technologies will create the most opportunity in the workforce, and subsequently which tech roles will be most impacted.

An awareness of the common pitfalls is also crucial for consideration in workforce planning for Tech Talent. For example, there may be differences in people's definition of "technologist" roles across the organisation, often due to outdated or inconsistent skills taxonomies. Therefore, it is important to have a clear definition of this established at the outset. A lack of understanding of changing business requirements and finance budgets can frequently lead to inaccurate workforce plans.

6. KPMG, 'The Future of HR 2020' which surveyed 1,300+ Global HR Leaders, 2020

Our recommendations

Create a workforce planning network; and educate, educate, educate

Invest time in creating a bilateral network of HR and business professionals that are dedicated on defining, planning and sourcing Tech Talent.

Data on sourcing science and an understanding of technologies that will impact the workforce, will be key drivers for this group, informing recruitment prioritisation and location strategies when relevant. It is important to make sure the network meets regularly. These plans should be fluid in a dynamic environment where change is expected.

Define a common taxonomy of roles, skills and aptitudes

This is crucial in order for HR, Procurement and the Business to speak the same language. For instance, not restricting workforce and recruitment plans to search for only a specific coding language.

Invest in workforce tooling

Don't steal crucial time from the workforce planning network by having them input into and manage complex workforce planning spreadsheets.

Use automated tools that free up time to drive meaningful workforce discussions and enable real time scenario planning. This will make response to the ever changing technology industry agile.

② How should organisations brand themselves to attract Tech Talent?

Whilst branding is critical to succeed in a 'hot' market, it is equally important for organisations not to lose their identity over the war for Tech Talent. Staying true to and advertising what the organisation stands for - its values, mission and vision - keeps its authenticity. Harvard Business Review found that 91% of job seekers see culture as more important than salary and 80% of candidates consider employer brand important when choosing where to apply[7].

How do financial organisations make themselves known in the market as a potential tech employer? What do they need to do to their brand in order to attract Tech Talent, especially if they do not happen to operate from within one of the world's foremost tech hubs?

7. Sanjeev Agrawal, *How Companies Can Attract the Best College Talent*, Harvard Business review, 2014

Our recommendations

Go deep

Understand what current employees love about the organisation and what they are proud of.

Use this as a first step in building a brand awareness campaign. The goal here is to "get the word out" and create awareness in the market that the organisation is (proudly) hiring for tech roles.

A multi source recruitment strategy is critical when establishing oneself as a tech employer

The attraction scheme needs to be diverse, including niche channels (such as Stack Overflow, Quora); and be flexible to the recruitment needs of the organisation. Tech Talent is different and do not all congregate on Reddit.

A multi source recruitment strategy should therefore include both online and offline engagement activities and will ensure you reach a wider array of Tech Talent. By tracking the amount of impressions and clicks made on various channels, organisations will be able to flex their efforts to the optimum combination.

Keep engagement high

Once awareness has been created and candidates have registered their interest in the organisation, it is important to follow up with candidates as soon as possible.

Even if there may not be a job role open, keep the engagement up.

Regular posts about news in the organisation and hosting evening events is a great strategy to stay at the forefront of candidates' minds. After all, it is important to inject some humanness into the tech equation.

③ How to utilise the skills that already exist within the organisation?

According to Bersin[8], you can no longer hire your way to success, but must grow skills from within. You might have guessed it: **there are people interested in tech in the organisation right now.** With an increase in tech literacy, made possible through self-learning and informal tech communities, there are people in organisations exploring tech in their own time. These people may attend meet ups, have made their own websites and may be in the process of making their own apps. Such people may be working in roles with no focus on technology, during their day-to-day and are looking for a window to make the career shift if the opportunity presents itself.

It is possible to identify these people by starting an internal recruitment campaign. There are several benefits that internal recruitment provides. Firstly, organisations are more likely to find the cultural fit they are looking for, as internal candidates have already bought into the mission and vision of the organisation.

Secondly, the time to hire is a lot faster and cheaper. As employees already know their way around the business and most importantly, have access to IT equipment. **Internal recruitment and development tend to be more cost effective than external recruitment.** An internal recruitment campaign with a focus on reskilling or upskilling into tech roles will require some upfront investment. With companies spending $1,200 to $1,400 per year[9] on employee development, most of it goes toward ongoing skill development. A focus on reskilling people into new roles also has a positive impact on reducing staff turnover.

Irrespective of whether an organisation looks for Tech Talent internally or externally**, smart companies take a skills-led approach to focus their talent search on aptitude.** The workforce is no longer seen primarily as accountants, service desk support or risk managers, for instance. Instead, they'll be viewed in terms of their skillsets and aptitudes. This enables organisations to make the most of the core aptitude that already exists in the market. Peter Drucker once said, **"The only skill that will be important in the 21st century is the skill of learning new skills. Everything else will become obsolete over time."**[10]

In moving from technical skills to the ability to work with technology, **organisations will find their Tech Talent pool is more diverse,** no longer overlooking applicants who do not have a STEM background whilst also creating recruitment campaigns that are more inclusive of professional and academic backgrounds that do not fit the norm.

8. Josh Bersin, *Rethinking the Build vs. Buy approach to talent*, 2019
9. Josh Bersin, *The Capability Academy: Where Corporate Training Is Going*, 2019
10. Peter Drucker, *renowned leader and author in the field of organizational development and management*

Our recommendations

Create the organisation's own reskilling programme

Develop people's interest in tech by giving them suitable training and knowledge, which will in turn give them an insight into the tech team's work.

These people will already have a passion for technology and have more practical experience in the working environment than recent graduates. The classes for this programme can take place during working hours or after work.

It is important that the learning is made accessible and attendees feel like they can take control of what they learn and apply it to new roles in technology. Virtual learning becomes even more important as a result of COVID 19 impacts.

Make transferable tech skills clear

There are several skills that are transferable in tech. It is important that these skills are called out and clearly mapped so new tech hires understand what skills they may need to develop.

The clear creation of competency maps, can help provide an effective approach to identifying internal talent with the right skills to move into technology.

Focus on aptitude and skills, not roles

A traditional role based method for job design will no longer suffice. Roles will be considered as a series of tasks, each of which requires a certain set of skills and aptitudes.

Having people in the organisation with the right skills and aptitudes will be critical for the organisation to continually pivot and redeploy its workforce, as roles disappear and emerge. Highlighting core aptitudes and calling these out during recruitment is key to attracting the right talent and internally building the right skills to address technical needs.

④ How to retain Tech Talent?

Organisations on average spend $4,000 on attracting and on boarding a new employee[11]. Average turnover rate for Tech Talent is 13.2%[12] and the average time spent in back filling is 52 days[13]. In today's candidate driven market where employees are spending less time with their employer, retaining top Tech Talent is more critical than ever. In other words, **retention strategies can act as a competitive advantage for organisations in the war for Tech Talent.**

What makes up a retention strategy? Firstly, **focusing on employee experience and engagement can act as a differentiator for organisations trying to retain their Tech Talent.** According to the Harvard Business Review, "employers who are willing to listen to their employees and offer them what they are looking for have a real opportunity to improve their retention rates"[14]. Employee experience typically focusses on how workers feel in terms of advocacy, pride, commitment and wellbeing   values which millennials (the general age bracket in which most Tech Talent typically falls) are rating highly when working for an employer. Therefore, **investing in consolidating and refreshing the employee experience data gathering approach with clear and measurable targets, will help to drive improvements, inform the organisation's Employee Value Proposition, and ultimately increase employee retention.**
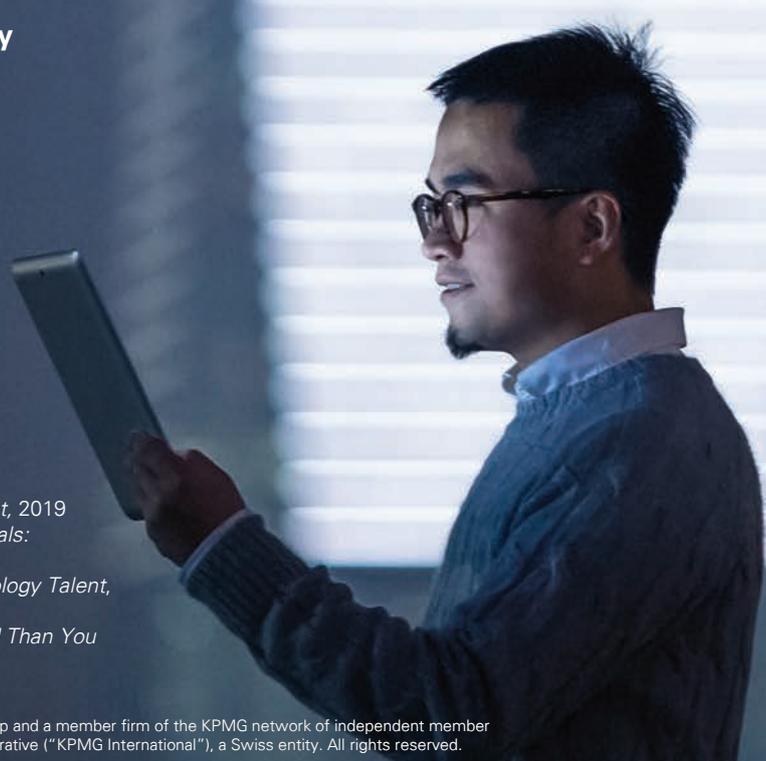
11. Josh Bersin, *Rethinking the Build vs. Buy approach to talent*, 2019
12. Tim Johnson, *The real problem with technology professionals: High Turnover*, Forbes, 2018
13. Lyndsey Thompson, *How to Attract and Retain Top Technology Talent*, LinkedIn Learning, 2019
14. Harvard Business Review, *Your Employees Are More Loyal Than You Think*, 2020

Secondly, a key part of a retention strategy is the Employee Value Proposition (EVP). EVP is made up of multiple components such as physical work environment, culture, financial compensation, total reward, and career development paths. The trick lies in how organisations most effectively flex their EVP to different parts of their workforce. Tech Talent often falls into the 'millennial' age bracket of those that are **known to be attracted to organisations who promote good work-life balance, with the flexibility to work from different locations, easily enabled by technology.** As discussed above, in addition to flexibility, the Tech Talent pool is seeking constant development opportunities. Millennials' loyalty tends to be high when they are given the growth opportunities they are looking for under one roof.

Should EVPs for Tech Talent differ? We would say no, not necessarily. Flexibility will continue to be key across the board and it's important that all employees are treated fairly and feel valued. **Having a consistent EVP, tailored in key areas to the demands of Tech Talent, will act as a key tool in attracting and retaining Tech Talent whilst also benefitting other employees.** For example, significantly investing in technology tools to motivate Tech Talent to work efficiently and effectively will also help non-tech employees.

Armed together with an attractive Employee Value Proposition (EVP) and a fit-for purpose recruitment strategy, companies are better placed to hire prime candidates. Whether organisations are in the tech industry or otherwise – they need to have flexible and strong cultures to attract and retain great engineers. Willis Towers Watson found that **organisations that use their EVP most effectively, are five times more likely to have highly engaged employees** and twice as likely to achieve financial performance above those that don't use their EVP effectively[15].

Our recommendations

Offer more flexibility in the benefits provision to enable employees to tailor their package to suit their individual needs.

> The workforce is becoming ever more diverse, and employers need to ensure they are constantly adapting to the expectations of this workforce.

Benchmark all tech roles using data which includes tech hubs like London and move market anchor where appropriate.

> Salary bands need to be high enough for Tech Talent and **premiums should be expected to be paid for special skills.** Feedback suggests that pay is a hygiene factor and that candidates may be put off applying where the salary on the job advert does not meet their expectations.

Provide clear career progression paths and ensure there are stretch opportunities for Tech Talent.

> Engaged and motivated employees will want to develop new skills and advance in their career. As soon as they feel stuck, they will leave the organisation.

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15. WTW, *Under pressure to remain relevant, employers look to modernize the employee value proposition*, 2016

⑤ What role does Tech Talent play in times of drastic change and crisis such as COVID-19?

For most of us, COVID-19 is the biggest challenge of our lifetime.

This crisis has accelerated digital transformation **across every industry. Organisations have accelerated their remote working capabilities to ensure employees can work from home productively,** with up to 30%[16] of staff estimated to remain home-based post-crisis. Moreover, organisations are accelerating their technology transformations that will put some talent at risk of automation and augmentation.

What are the implications of COVID-19 for Tech Talent recruitment strategies?

Firstly, organisations need to **quickly and clearly identify what tech skills are required** in order to respond to the impacts of COVID-19. Tech Talent will play an important role in ensuring the continuity of vital business functions such as cyber and IT. In the Banking industry for example, the service of online and card payments is one of the most important functions for customers. Organisations can support teams across cyber security, business resilience, and digital workplace for example, by looking for Tech Talent that is attracted and motivated to create solutions in an agile environment and are able to learn quickly and pivot skills to support critical processes through future challenges and crises. Once tech skills have been defined, workforce plans then need to be adjusted and flexed accordingly taking into account the identified skill requirements with associated key timelines.

Secondly, it has become even more **important for organisations to highlight their core values to potential candidates, especially in their response to the crisis.** How an organisation responds to the current situation and treats their employees, is likely to have an impact on how attractive prospective employees will find that organisation in the future.

Thirdly, there is now a **bigger onus on organisations to look within and leverage the skills they currently have.** Recruiting new employees will be complex for some organisations because of financial challenges coupled with a staggered return to work approach. Organisations should therefore ensure that their agile re-skilling programme is able to quickly re-deploy talent

Lastly, organisations might be constrained in what they can physically provide to employees during this crisis, but **intangibles such as authentic leadership and an active focus on employee's wellbeing are key.** Employee experience surveys should be utilised to understand what further support their Tech Talent employees require during this time to work productively and efficiently, in addition to the physical equipment and collaborative tools that Tech Talent expects.

16. Global Workplace Analytics, *Work at home after Covid-19*, Our Forecast, 2020

Conclusion

The war for Tech Talent is fierce across all sectors and is likely to become even more competitive as a result of COVID-19. For traditional non-tech companies to stand a chance, they should consider the following key takeaways:

1 Define what you need

You must understand what skills you are looking for and where you are likely to find them. Undertake market research to understand demographics, location and expectation of your target group. Be aware that technology is constantly evolving. Skills you need now will likely look completely different to skills you need in the future, so ensure your workforce planning is dynamic and continually refreshed and reviewed.

2 Be authentic and know your brand

Don't lose yourself over the war for Tech Talent. Know what your organisation stands for and what your mission is. This will be your true differentiator from other companies.

3 Find Tech Talent in your existing workforce

Undoubtedly you are going to have to hire talent externally, but it is critical that you also look within your organisation, and provide opportunities and programs to reskill and develop your existing employees. Building skills from within is not only a cost-effective way to acquire talent, but also creates a culture of agility and growth in your organisation.

4 Encourage loyalty in your employees

Let your values shine through in your culture and flexible EVP, providing dynamic working and clear career progression paths to facilitate the retention of your Tech Talent. Consider pay a hygiene factor.

5 Recognise the impact of COVID 19 on your Tech Talent, and use it as an opportunity to reskill

COVID-19 has and will have a fundamental impact on the way we define, attract, develop and retain Tech Talent. You must quickly define Tech Talent that is critical to responding to COVID-19 and leading us in to a 'new reality', whilst rapidly deploying re-skilling programmes enabled by virtual learning, to upskill people as Tech Talent, or reskill existing Tech Talent into critical areas.

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