

# MAKING THE CONSCIOUS HIRE

*In 2018 it has become impossible to be competitively intelligent without addressing talent strategy.*

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We'll never really know how many millions and millions are spent every year on data and intelligence by companies in positioning their talent ahead of their competitors. What we know for sure is that, even after they've spent all that money, many once-great companies fade and die all the same and many promising start-ups never get out of the gate. The reason is not the data we're collecting. The reason is the people we're hiring to make strategic sense of the data we collect.

Consider the giants of the past, some of whom still struggle along as shells of themselves. We all know about Kodak and Motorola and JC Penney, household names that had a long run until the external world blindsided them. They invested millions gathering competitive intelligence, of course. But as the world outside changed, the world inside their organizations remained much the same. They were missing the talent to understand how early warning systems change—unrelenting, novel, unpredictable change—threatened their competitive position.

The old household names waited for crises to reveal gaps in their readiness. And when the crises came, the first thing they cut was talent and talent management. That should have been counterintuitive; for too many companies it wasn't. Everyone inside those organizations knew it wasn't.

The hallmark of our new age will be the opposite. The link between talent strategy and competitive readiness has become undeniable. In the digital era, the radical acceleration of change makes starkly clear which companies lack the talent to respond. The emblem of the new age is the startup, where every hire is a conscious one.

Conscious hires need not be the preserve of startups.

## A NEW CONSCIOUSNESS

Today, I now see a different sort of consciousness about talent strategy. The visible evidence is in who gets hired. Now, for example, accounting firms are recruiting not just data scientists but engineers, medical professionals and architects. They're doing it out of a recognition that they need an expansive strategic response for operating environments that their predecessors would not recognize. They're redrawing their competitive profile by redrawing their approach to talent.

In research published in the Harvard Business Review<sup>[1]</sup>, Douglas A. Ready, Linda A. Hill and Robert J. Thomas concluded that transformative companies characteristically do two things well: they articulate the strategic rationale behind talent man-

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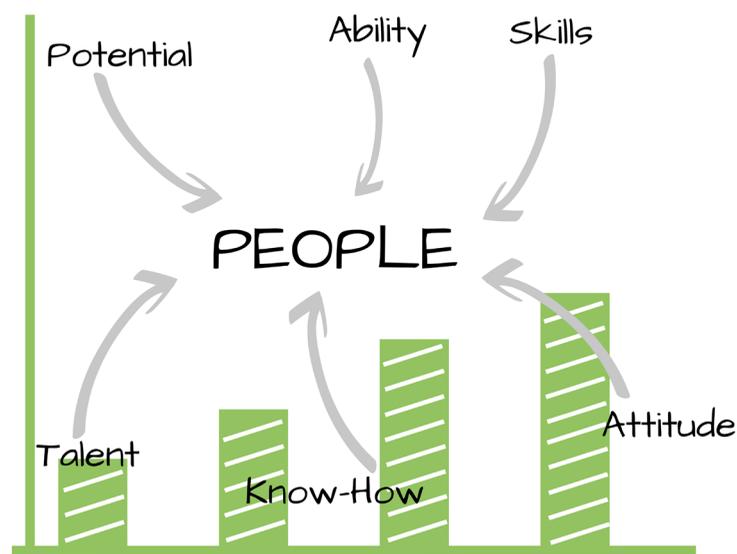
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[1] “Building a Game-Changing Talent Strategy.” Ready, Hill & Thomas. HBR. January/February 2014.

agement and visibly involve senior leaders. Recognizing the inevitable complexity and ambiguity of a world that won't stop changing, they build rock-solid talent practices that are at the same time constantly under review, in many cases annually.

For example, Ready, Hill and Thomas cite the case of financial-services giant BlackRock, which created a global human-capital committee to oversee talent management. Central to the committee's influence is that its members include just a single HR executive. The other 35 are senior line leaders from across the firm's businesses and offices. This, the authors contend, "sends a powerful message that talent is not only a strategic and scarce resource but a matter of critical accountability for line management."

Regulatory reviews and financial reviews are intrinsic to developing and applying competitive intelligence. Talent review have commonly been situational and treated as something extra. Weird when you think about it, because being competitively intelligent should immediately start an internal conversation about pinpointing progress, gaps and challenges in a company's talent pipeline. Once you've identified the essential decisions in front of you, the discussion should shift to execution. Any discussion about execution should be a discussion about people.



From personal experience, I see evidence of a heightened consciousness about the unbreakable link between talent strategy and being competitively intelligent. Talent-management firms are more and more pressed by clients to grow beyond the boundaries of conventional executive search and become partners in thinking about talent as central to competitive strategy.

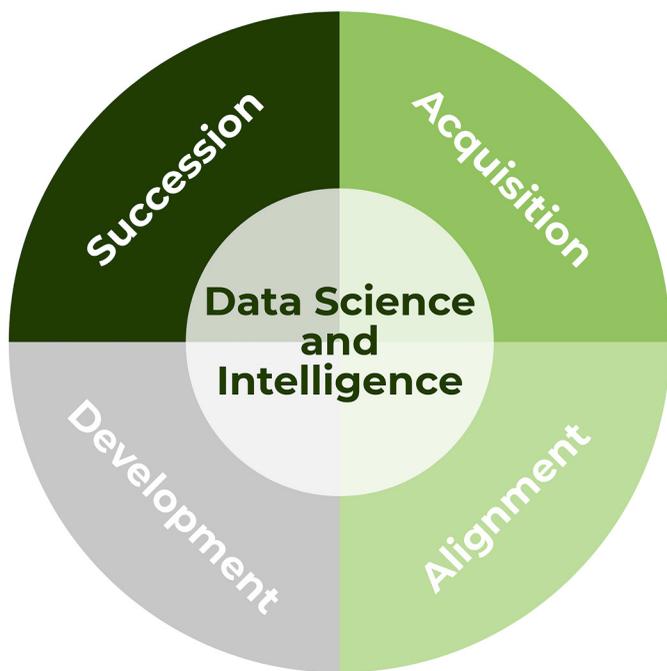
The under-reported story of the talent-management profession is that what we used to broadly call "search firms" are becoming a force in organizational design, management assessment, HR process, coaching and leadership development. These would be interesting but insufficient capabilities if they were not informed by competitive intelligence.

A good recruiting partner should also bring competitive insights, predictive analytics, competitor mapping and strategic profiling. Every search, for example, should serve different strategic objectives—an obvious point to make yet one that's often overlooked. Depending on strategic needs, assessments might place greater emphasis on one kind of candidate over another. Assessment during and after a merger, for example, would focus on performance in the very near term. By comparison,

a succession plan or talent benchmark would focus on the potential for long-term personal development.

In 2018, talent-strategy firms should be collaborating with clients to devise better assessments that capture a candidate's ability to acquire new capabilities and adapt to changing conditions. I refer to this as "learning intelligence", defined as the ability to look critically at one's presumptions about the world and one's place in it. This requires a temperamental openness to new perspectives and an agility in responding to them. If those aren't the ideal skills for an unpredictable age, then I don't know what are.

We are just beginning to understand the already remarkable power of predictive tools in hiring and, of more long-term strategic importance, nourishing talent. For instance, our firm launched its strategic research and benchmarking offering,



OGIQ, as we intended to provide data, analytics and real-time industry intelligence. The strength of OGiQ and of analogous platforms in development among our competitors lies not just in better hiring decisions but in decision making on every dimension. We're helping clients plan for where they will be in one year, five years and beyond. Understanding the talent they'll need to take them there is implicit to that work.

Right now—not in the future but right now—firms like mine and the clients we serve no longer view the elements of talent in isolation but in their integration. Here's a prediction: A commonplace in the business press will be account of talent-strategy firms partnering with software companies in developing what I call "forensics"—predictive analytical tools married to a strategic perspective on a client's industry.

There's more to come. Even in large organizations predictive analytics are not commonplace in human-capital planning. The reason is to a large degree cost; big data tools are expensive. It's not at all difficult to imagine a day sometime soon when even small firms have access to pools of raw data about talent and can even construct the algorithms for predicting fit. By "fit" I mean something more crucial than its traditional meaning of cultural congeniality. By "fit" I mean suitability to the operating environment that's arriving, not the one that is passing into history.

Fit is also about having people equipped for the new disciplines. I would include the talent profession among the industries that have been late to the game in adding to its ranks people educated in machine learning, data sciences and psychometrics.

The future of executive search won't be all about software. Ultimately it will be about applied wisdom. Wisdom is informed by organizational context—the near-term and long-term needs of a management team, of an organization and of the business environment in which they operate; all of it married to the human genius for framing problems and finding answers.

The future is now. Like so many of the changes coming in the digital age, the future comes faster than a lot of us expect. But if we have the talent in place, we will be ready for whatever comes.

That will make all the difference.

## OPTIONS GROUP TEAM



Richard Stein is a Partner, Chief Growth Officer, and Head of OGiQ. He joined the firm in October 2014. With over 25 years of consulting and recruiting experience, Richard is one of the industry's top advisors. His expertise lies in the financial services industry, across wealth management, risk, capital markets, consumer banking, technology and operations. Throughout his career, Richard has originated and executed search and competitive intelligence assignments for major investment banks, hedge funds, asset managers and alternative investment firms around the globe.

In addition, Richard is also a member of the Partners Operating Committee for The Options Group, Richard is directly responsible for the firm's Strategy and Corporate Development Function, Firmwide Marketing and Client Coverage, Business Development and Consultant Support, Competitive Intelligence, Talent Analytics and Consulting, as well as OG University (training and talent development).

Richard began his career at Options Group before founding his own firm, Futures International. He remained at Futures International through its merger with Whitney Group until 2003, then served as Senior Client Partner at Korn/Ferry International. Richard holds a Bachelor's Degree from the University of Buckingham.

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