

# Future of Work: Human Capital in the Next Decade

August 2017

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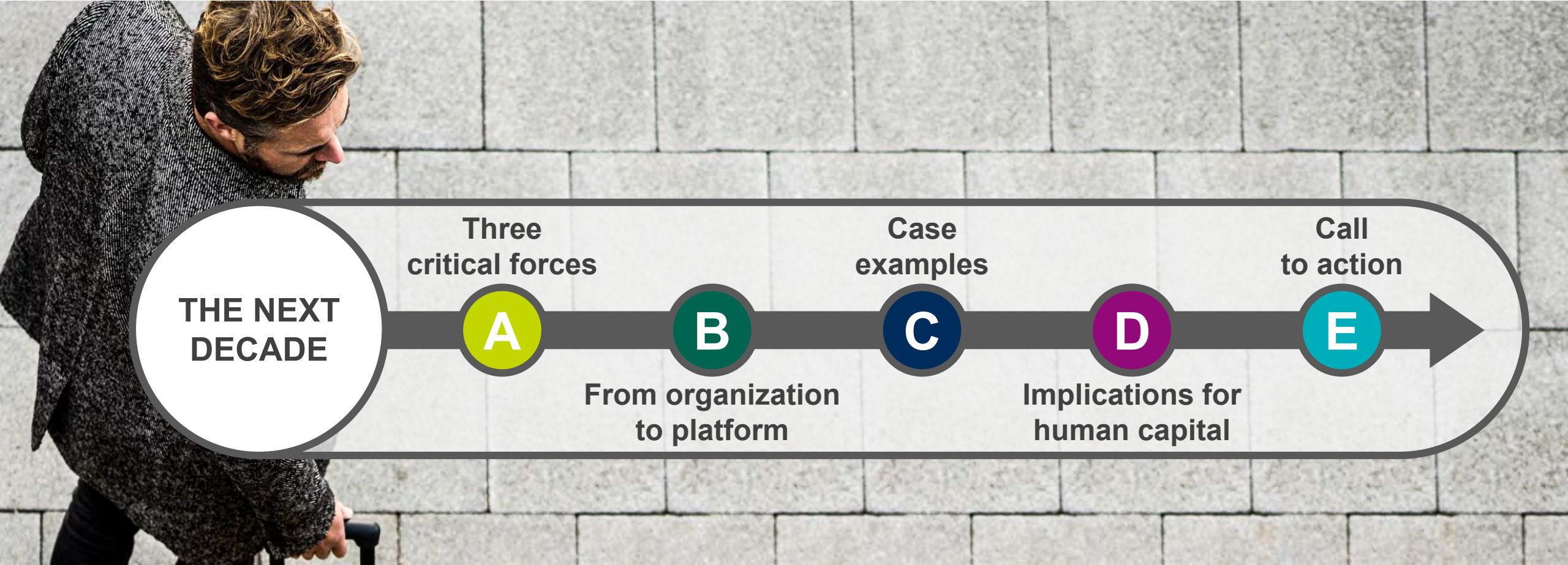


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# Future of Work: Human Capital in the Next Decade



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## THREE CRITICAL FORCES

Transition to platforms

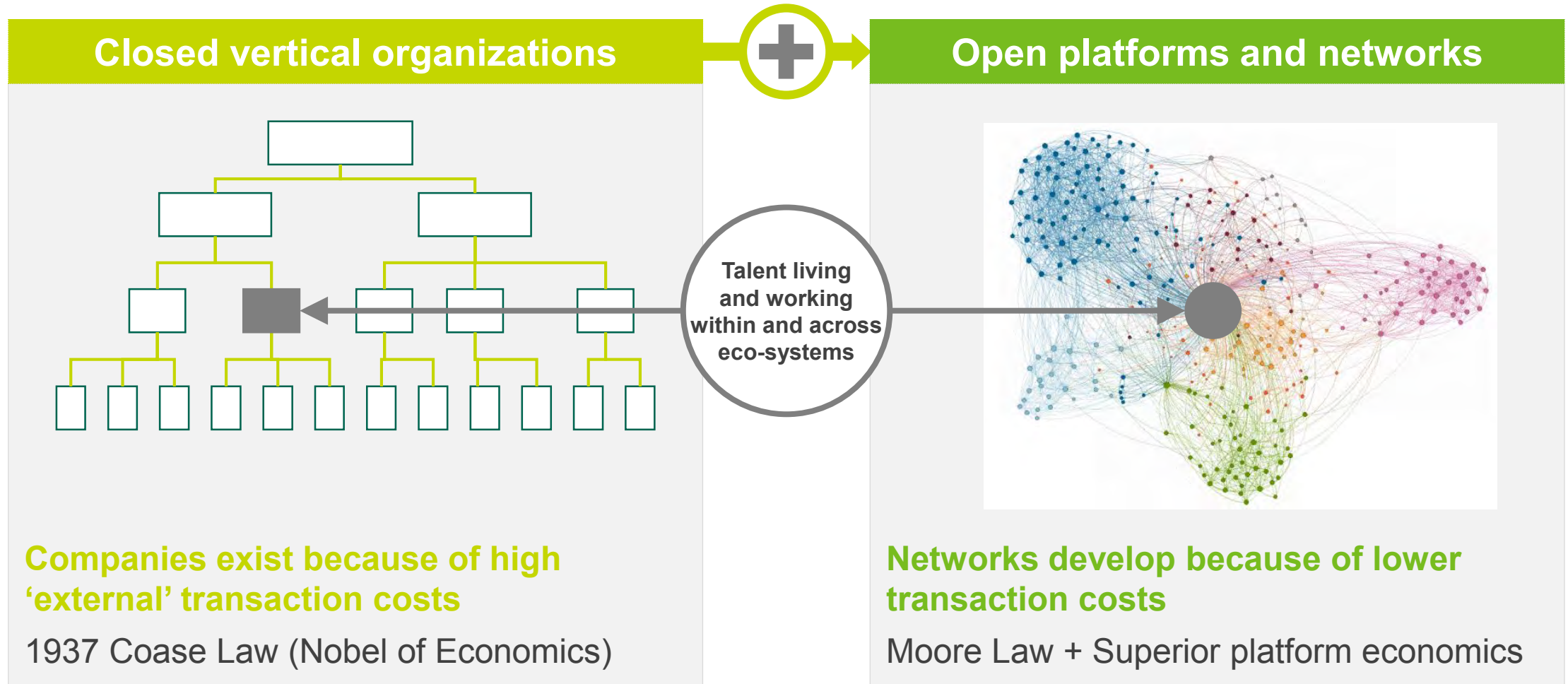
A new workforce

Generational shift



# A. Three critical forces

## Force 1: transition to platforms and networks

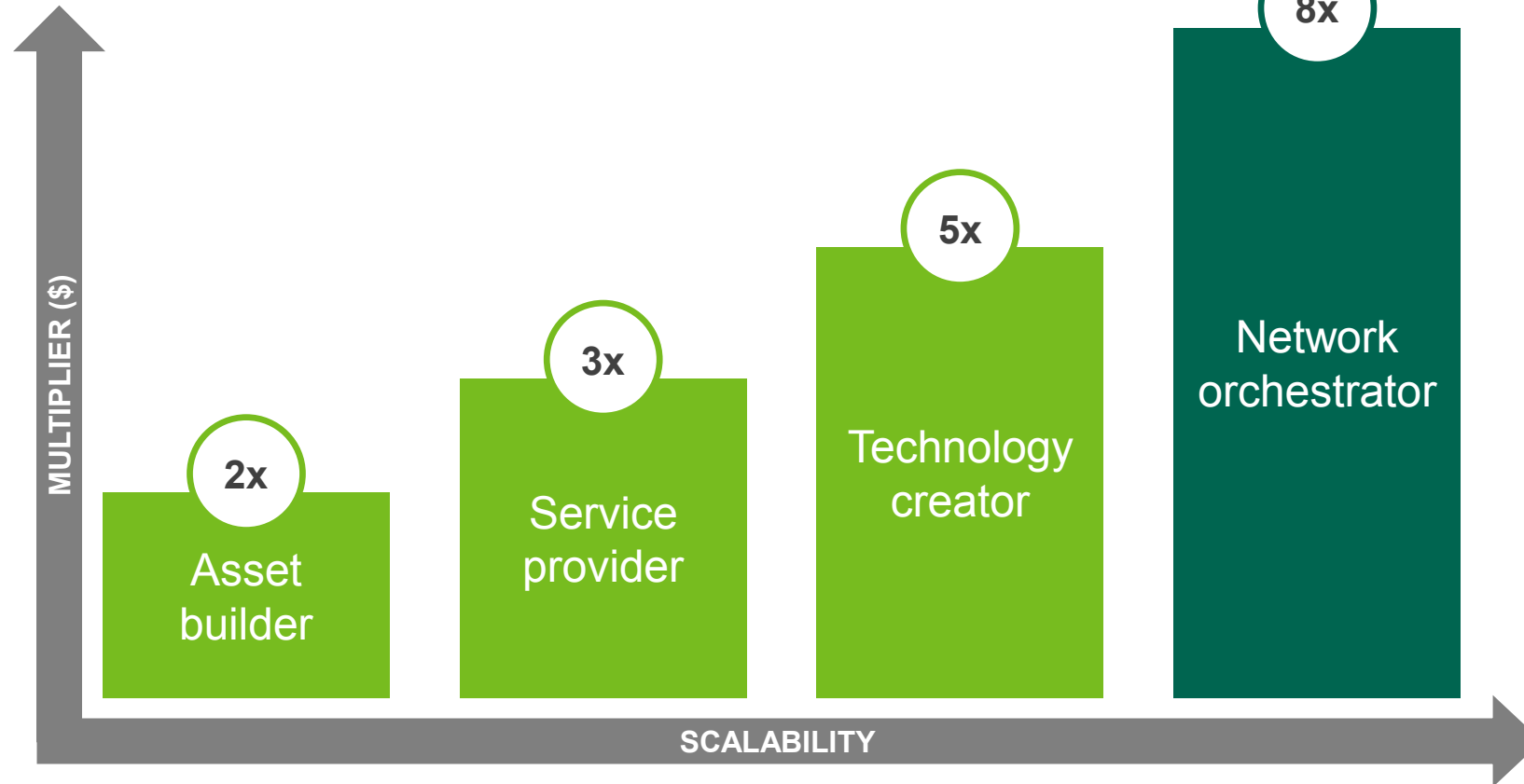


# A. Three critical forces

## Force 1: transition to platforms and networks

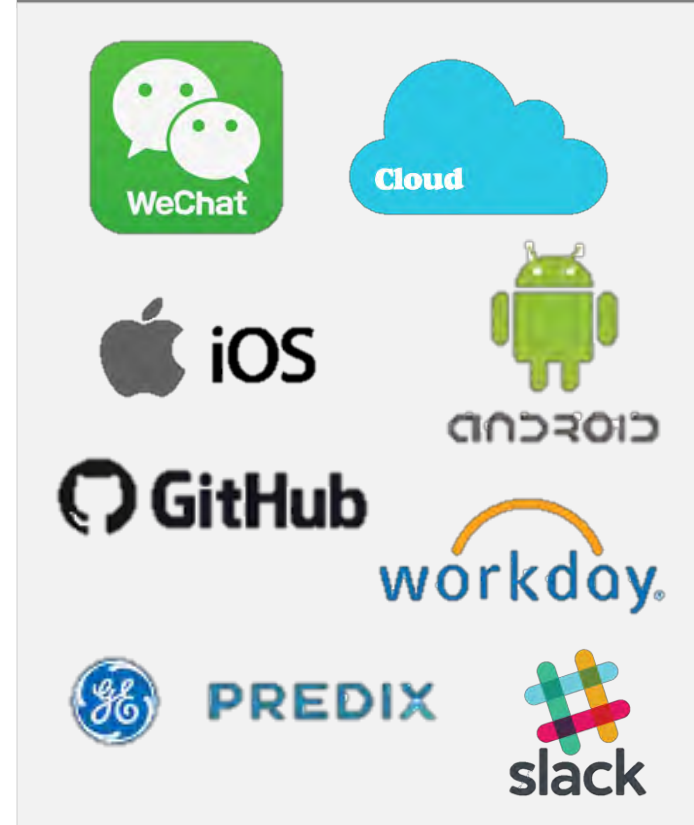


Market value multiple



Source: Barry Libert, Megan Beck, Jerry Wind (Wharton) 2016

Some platforms, networks



# A. Three critical forces

## Force 2: a new workforce



### New 'digital workers'



AI | Programmatic algorithms | Gamification  
Predictive analytics  
Machine - Deep - Learning  
APIs | Neuroscience  
Big Data | Virtual Reality  
Nanotechnology  
Blockchain | Wearables  
Internet of Things  
3-D Printing | Robotics ...



Over \$100 billion  
HR tech market



# A. Three critical forces

## Force 2: a new workforce



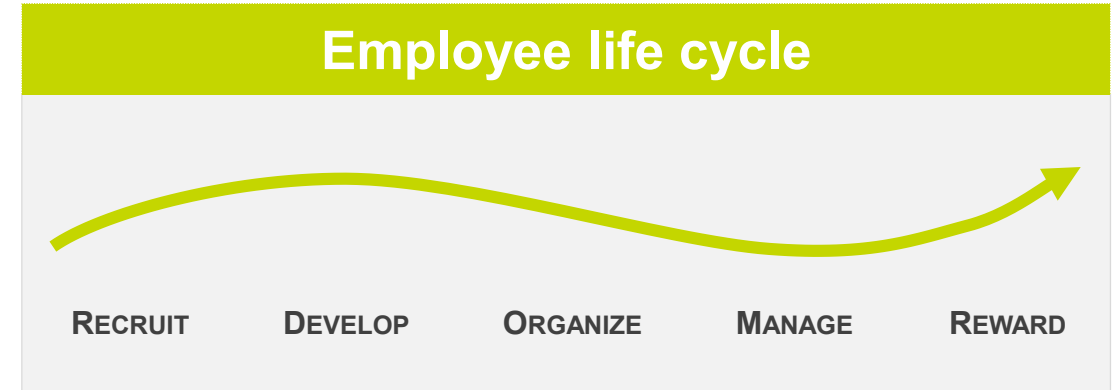
New 'digital workers' will allow to (examples) ...

- Use bots for repetitive or analytical tasks
- Source new employees using AI
- Select and train blue collar workers with VR
- Optimize job, pay and equity with right data algorithm
- Manage immediate staffing and long term workforce
- Map engagement and anticipate turnover ...

- Match right talent with right opportunity
- Open new jobs opportunities in Augmented AI
- Crowdsource resources on 'talent grid'
- Use wearables for immediate feedbacks
- Maximize own performance and ROI
- Protect against cyber-security risks
- Facilitate self-directed development journeys ...

**Radical labor shift requiring reframing and re-skilling**

... applying science to:

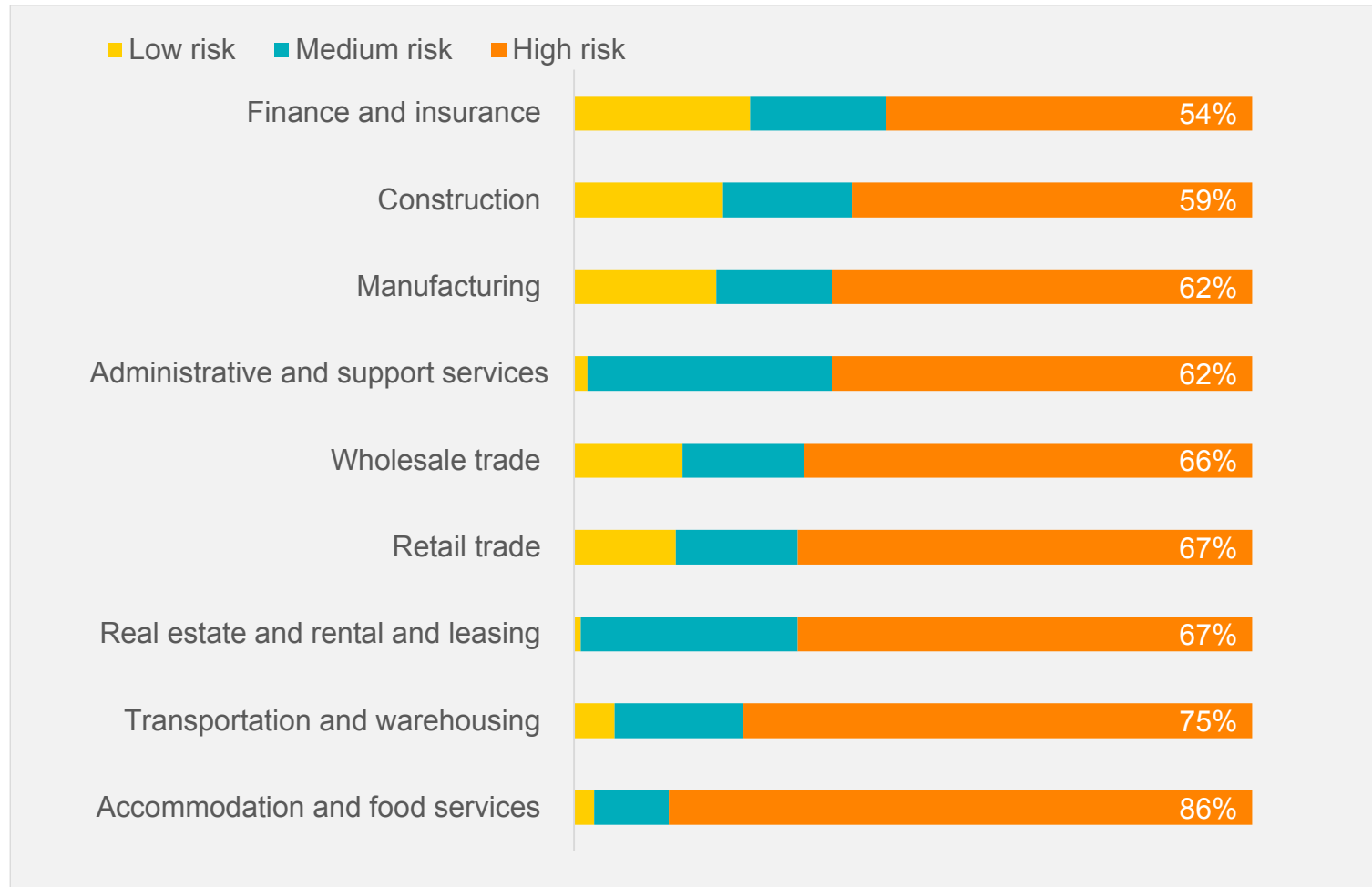


# A. Three critical forces

## Force 2: a new workforce



Percentage of industry at risk of being automated by 2030




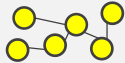

Source: Citi Research, Oxford Martin School, Wall Street Journal



# A. Three critical forces

## Force 3: generational shift



Boomers (52-70 today)	Generation X (36-51)	Millennials (20-35)	Generation Z (<19)
<p>Idealistic, missionary Economic growth Hierarchy &amp; control Physical space, loyalty Driven Adventurous Need rewards Vertical organization:</p>  <p>74 million people (USA)</p>	<p>Results Pragmatic Global, nomad Balance Going digital Need feedback  Matrix organization:</p>  <p>66 million people</p> <p>“Squeezed Generation”</p>	<p>Purpose, Social Resp. Transparency Fairness Collaboration Personal well-being Need growth, praise Born digital Network organization:</p>  <p>89 million people</p> <p>Next Gen Leaders</p>	<p>Authenticity Hyper-aware Virtual team Born digital  Platform organization:</p>  <p>70+ million people today</p>



# Future of Work: Human Capital in the Next Decade

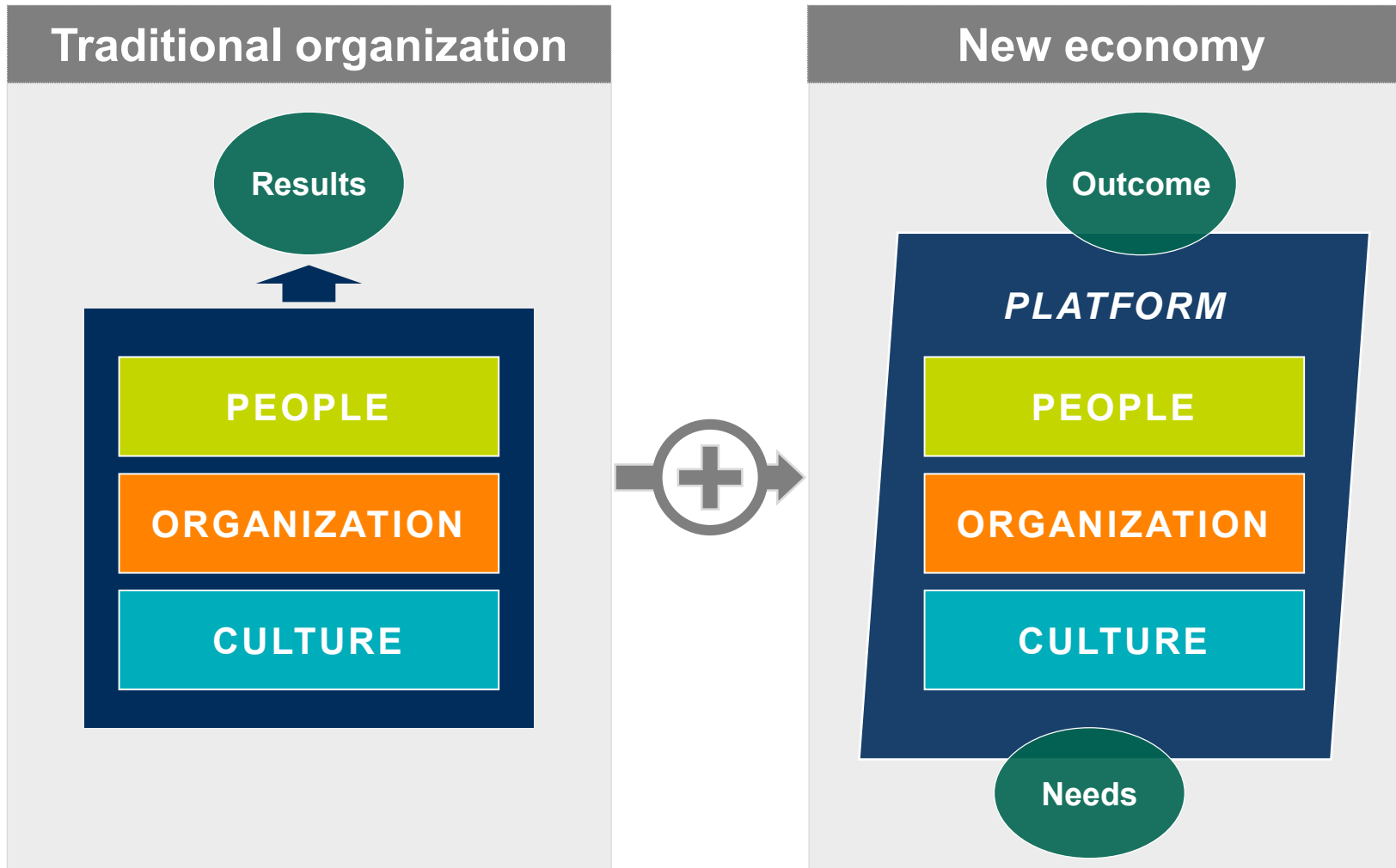


**FROM  
ORGANIZATION  
TO PLATFORM**

**Traditional  
organization  
New economy  
platform**



## B. From organization to platform



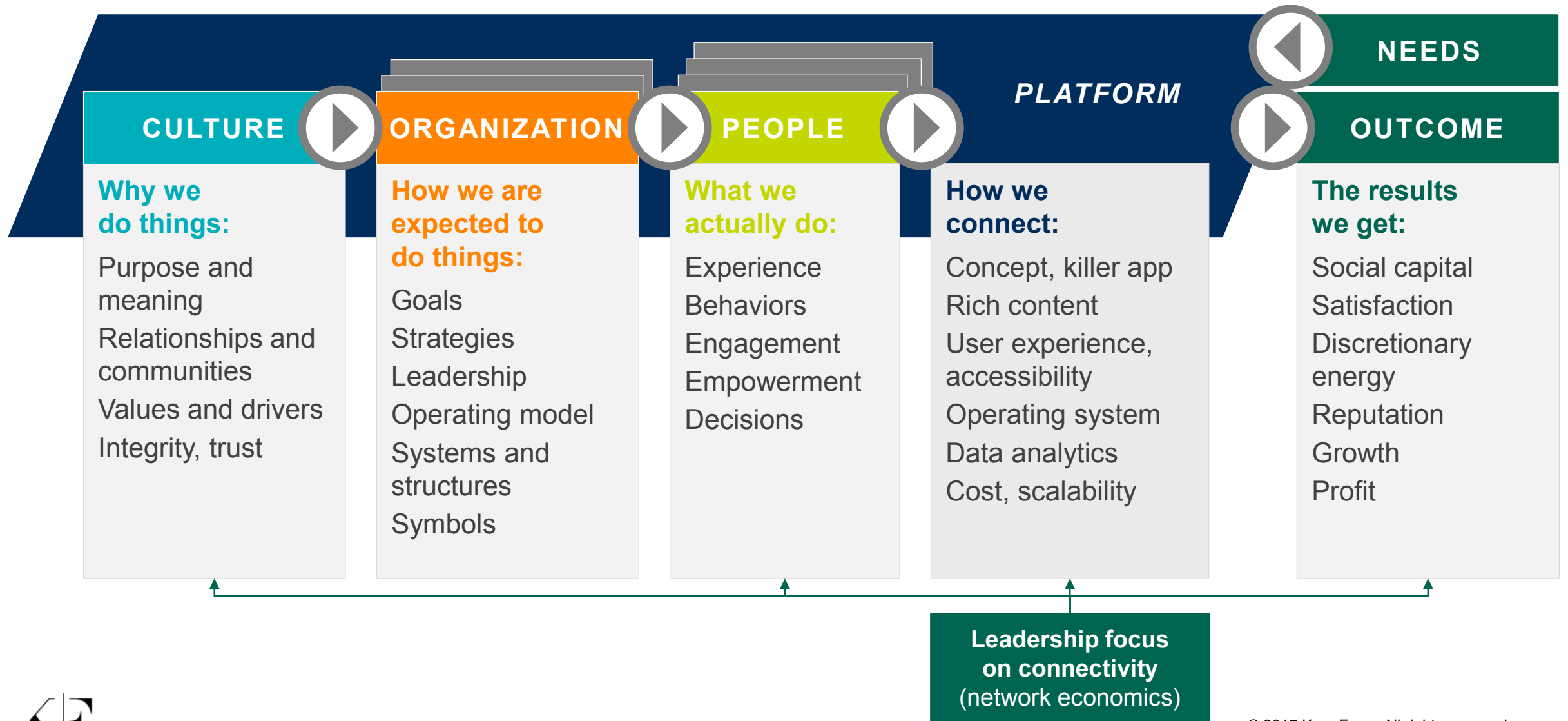
*“A **platform** is a dynamic business model architecture that uses a particular operating system and data to accelerate low cost network connectivity and sharing of value.”*



## B. From organization to platform Traditional organization



# B. From organization to platform New economy platform



# Future of Work: Human Capital in the Next Decade



## CASE EXAMPLES

**Uber: network effects**

**Netflix: platform organization**

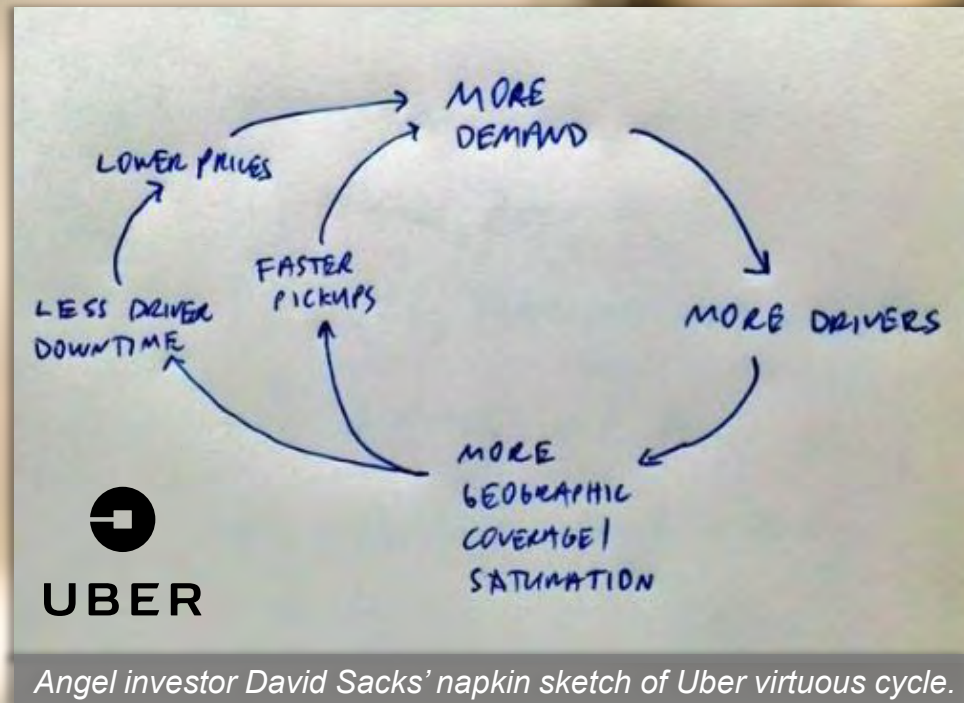
**Xylem: reverse mentoring**



# C. Cases

## Uber: network effects

exponential growth



### Network economics

- Supply (SSP) and demand (DSP) platform economics
- Customers as drivers
- Part-time 'gigs'
- Exponential growth
- Uber Eats
- Mismanagement of social capital

An evolving definition of 'employees'

# C. Cases

## Netflix: platform organization



always on analytics



# NETFLIX

### Platform

Customers data | 'Always on' analytics  
Advanced User X (needs)

### Business

US\$ 9 billion revenues | 100 million clients

### Work

'Only' 3,500 employees  
People treated as adults | Flexible PTO  
Simple, honest performance dialogues  
Market-based pay with choice on equity

New 'employment contracts'



## C. Cases

### Xylem: reverse mentoring



Xylem, a global water equipment manufacturer with 14,000 employees and \$3.6 billion in sales ...



... buys Sensus, a water metering system company with \$800m in sales and 3,300 employees for \$1.7 billion

- ← Renew customer centricity through **water solutions**, leveraging data and analytics.
- ← Reset, expand mindsets and accelerate growth of incumbent employees towards the new business model.

accelerated development

People as transformation catalysts

# Future of Work: Human Capital in the Next Decade



## IMPLICATIONS FOR HUMAN CAPITAL MANAGEMENT

New people  
management paradigms

Agile leaders

Malaysian leaders

New experiences



# D. Implications for human management

## New people management paradigms



In the next decade ...

1. **People performance and connectivity will be managed as asset productivity** (e.g., talent analytics, deployment efficiency, attrition optimization, risk, data ownership); talent ROA / ROI will become a norm.
2. **Market demand and talent analytics** will drive hiring, development, staffing and performance management, considering outsourcing and use of algorithms and bots as legitimate sources of labor.
3. **Market will shape talent management rules** (e.g., fairness, pay structure, career progression, technical standards, individualization, capabilities, minimum privacy and cyber-security, etc.).
4. **Individual and collective employee brand** will be as valuable as customer brand; talent will be contracted or allocated according to well **established 'gold standards'**.
5. **Senior – agile – leaders** will 'reset', focus on **maximizing economic and social capital** through interdependent platforms and inspiring and transforming; **Front line employees will be the new operational leaders**.
6. **People / employees** (e.g., Millennials, Gen Z) will have a **choice** (e.g., job, opportunity, learning, community) and will exercise it; **turnover is expected**; **crowdsourcing** and self-directed development will be pervasive.
7. **Learning organizations** will be flat, focused and agile, guiding and connecting clients and people through **meaningful purpose, trust and integrity, and compelling User X**.



# D. Implications for human capital management Agile (or Digital) leaders



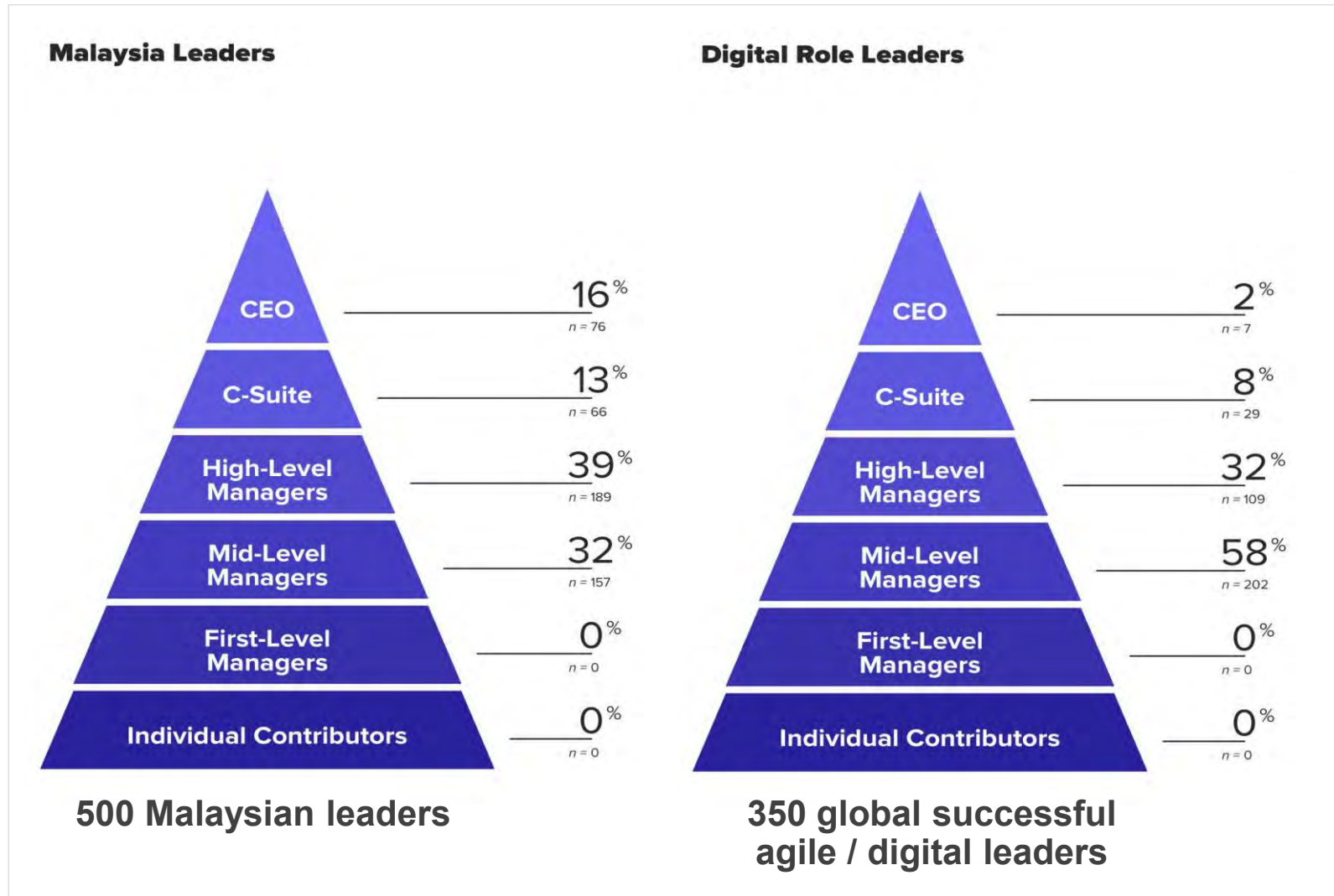
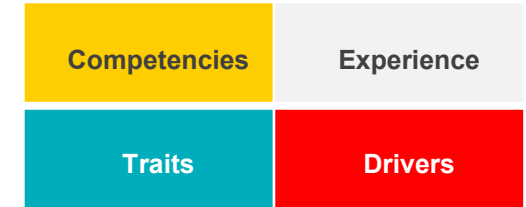
## Most Sought Agile Leaders

Visible	<p><b>Competencies</b></p> <ul style="list-style-type: none"> <li>Cultivates innovation</li> <li>Manages ambiguity</li> <li>Demonstrates strategic vision</li> <li>Engages and inspires</li> <li>Drives results</li> <li>Ensures accountability</li> <li>Shows courage</li> </ul>	<p><b>Experience</b></p> <ul style="list-style-type: none"> <li>Born / push digital or going / transformational digital – <i>data analytics, e-commerce, technology, innovation, digital marketing, client-centric transformation...</i></li> <li>Multiple functional and line experiences</li> <li>International assignments</li> </ul>
Underlying foundation	<p><b>Traits</b></p> <ul style="list-style-type: none"> <li>Curiosity</li> <li>Risk-taking</li> <li>Adaptability</li> <li>Tolerance of ambiguity</li> <li>Confidence</li> <li>Empathy</li> </ul>	<p><b>Drivers</b></p> <ul style="list-style-type: none"> <li>Independence – <i>prefers entrepreneurial approach</i></li> <li>Flexible – <i>prefers asymmetric, unstructured work environments</i></li> <li>Challenge – <i>motivated by achievement in the face of tough obstacles</i></li> </ul>

*“Visionary and inspiring leader who can organize facts and listen to different views, let go something the minute it’s not working, and yet still orchestrate and push forward when the path and direction are not clear.”*



# D. Implications for human capital management Malaysian and Agile (or Digital) leaders



Comparative analysis of profiles and success factors.

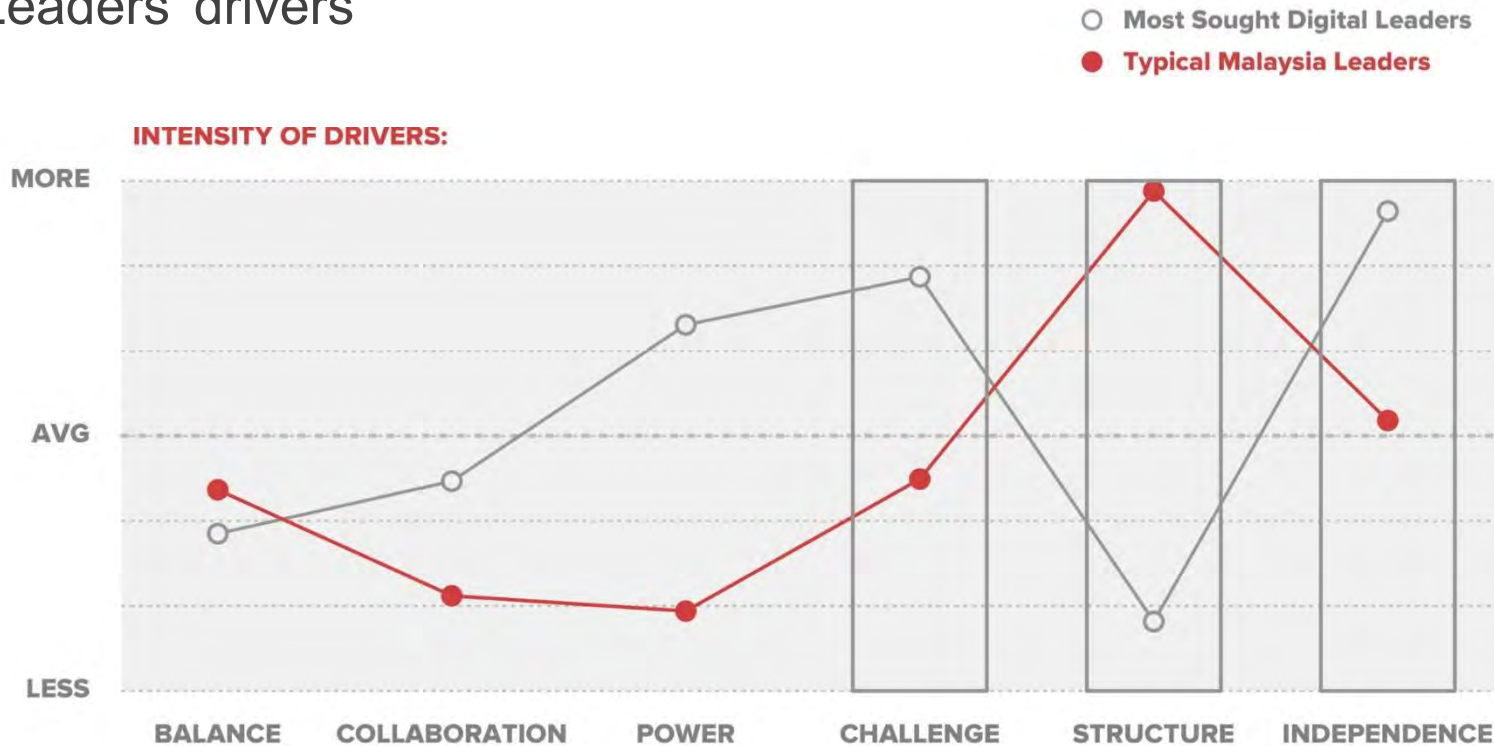


Source: Korn Ferry Institute

# D. Implications for human capital management Malaysian and Agile (or Digital) leaders



## Leaders' drivers



- Balance** : Motivated to integrate work and life in a sustainable, enjoyable, and meaningful way.
- Collaboration** : A preference for work-related interdependence, group decision making, and pursuing shared goals.
- Power** : Motivated to seek influence, recognition and increasing levels of responsibility.
- Challenge** : Motivated by achievement in the face of tough obstacles.
- Structure** : A preference for process-oriented, structured and stable work environments.
- Independence** : Prefers an entrepreneurial approach and limited organizational constraints.

Competencies	Experience
Traits	<b>Drivers</b>

Malaysian leaders significantly less motivated by Challenge and Independence and more driven by Structure than Most Sought Digital Leaders.



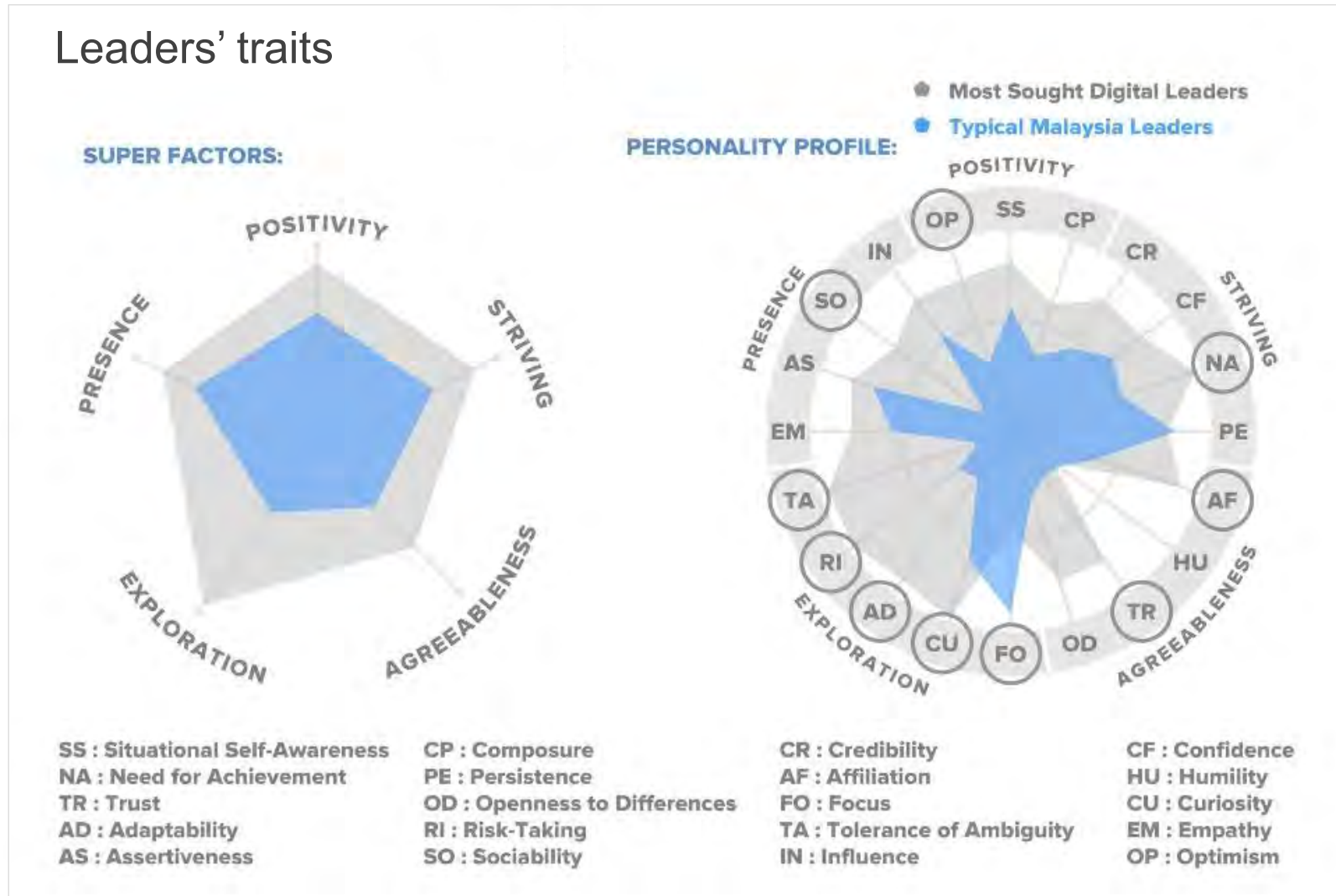
# D. Implications for human capital management Malaysian and Agile (or Digital) leaders



Leaders' traits

Competencies	Experience
Traits	Drivers

Malaysian leaders have lower levels than Most Sought Digital Role leaders on many Exploration traits in particular:  
Tolerance for Ambiguity  
Risk-Taking  
Adaptability



Source: Korn Ferry Institute

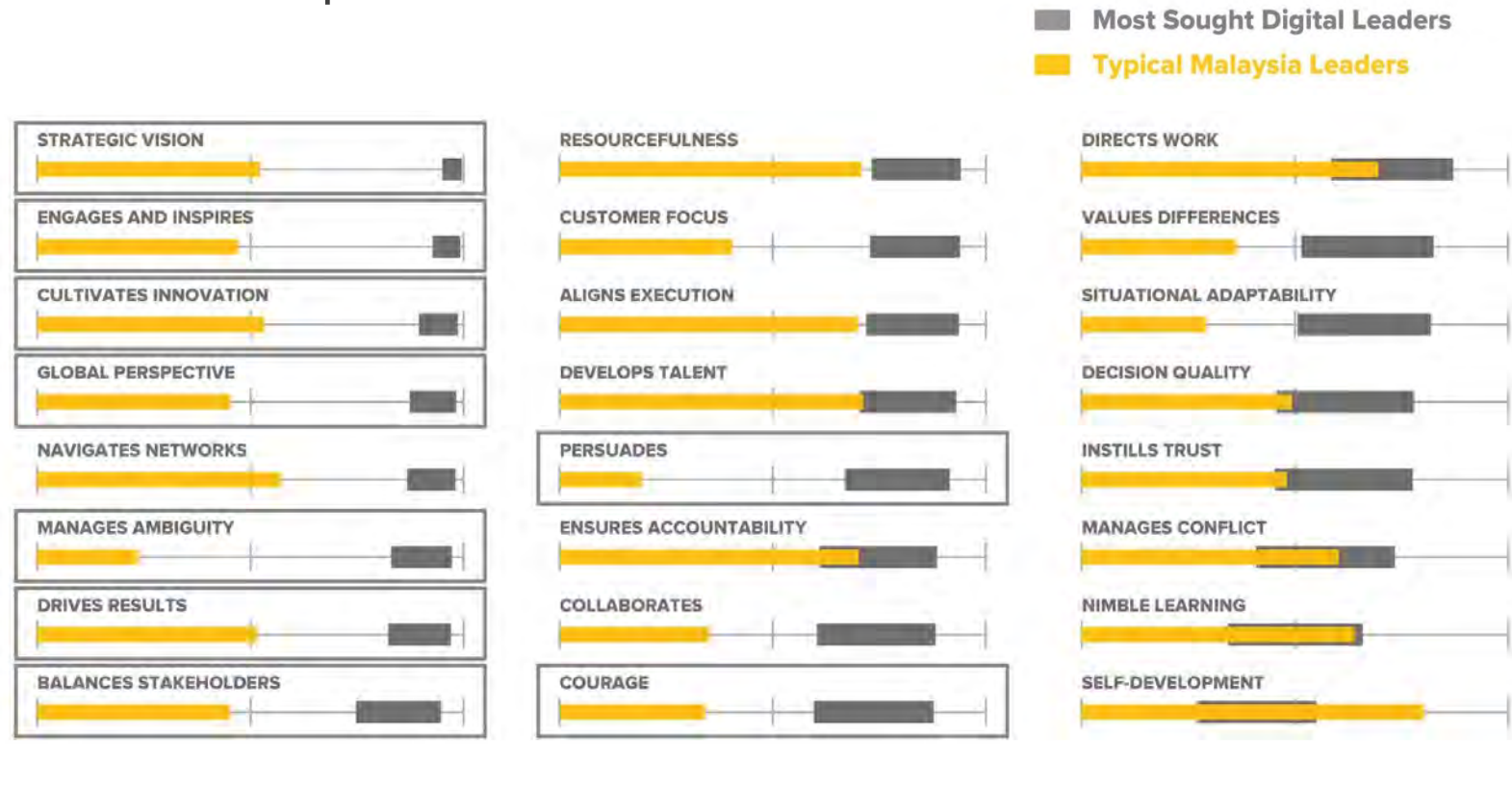


# D. Implications for human capital management Malaysian and Agile (or Digital) leaders



Competencies	Experience
Traits	Drivers

## Leaders' competencies



Malaysian leaders score lower than Most Sought Digital Role leaders on key agile competencies such as Strategic Vision, Inspiring others, Innovation Managing Ambiguity, Global Perspective, Balancing Stakeholders, Persuasion and Courage.

Source: Korn Ferry Institute

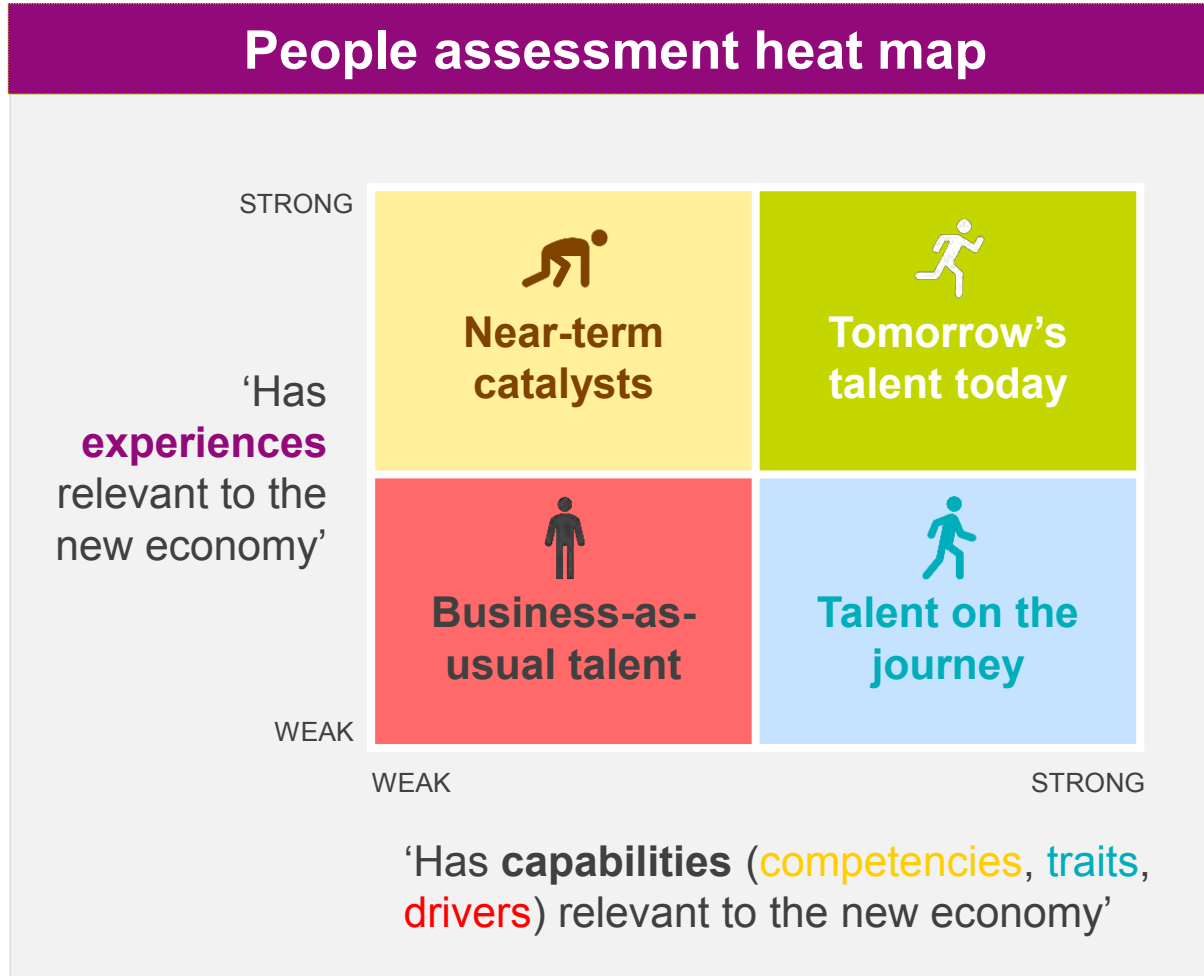


# D. Implications for human capital management

## New experiences



Competencies	Experience
Traits	Drivers



### Some accelerating experiences

- Activate an on-line community
- Analyze data for better decisions
- Develop a customer-centric culture
- Launch a demand-side digital platform
- Lead a transformation journey
- Learn coding
- Partner with agile start-ups and VCs
- Prototype new products and services using design thinking
- Reduce costs introducing algorithms and automation



# Future of Work: Human Capital in the Next Decade



**CALL TO ACTION**

**Readiness scorecard**  
**Maximizing social capital**  
**Getting started**



# E. Call to action

## Readiness scorecard



Are you ready for the next decade?

Not started			Fully ready
		?	
		?	
		?	

### Governments and policy makers

Are you enabling people and organizations to connect (e.g., legal and tax policies, cyber-security, mobility infrastructure...)? Have you helped business leaders ‘reset’? Do you invest in digital education and talent mobility? Are you measuring impact on development, productivity, employment and well-being?

### Organizations and business leaders

Have you measured your social capital (value of connected clients and talents)? How compelling and real is your mission? Are your people and systems truly client-centric? Have you mapped and activated one or several platforms? Do you have agile talent, leaders and culture? Are you owning, protecting and using the power of data analytics?

### Individuals

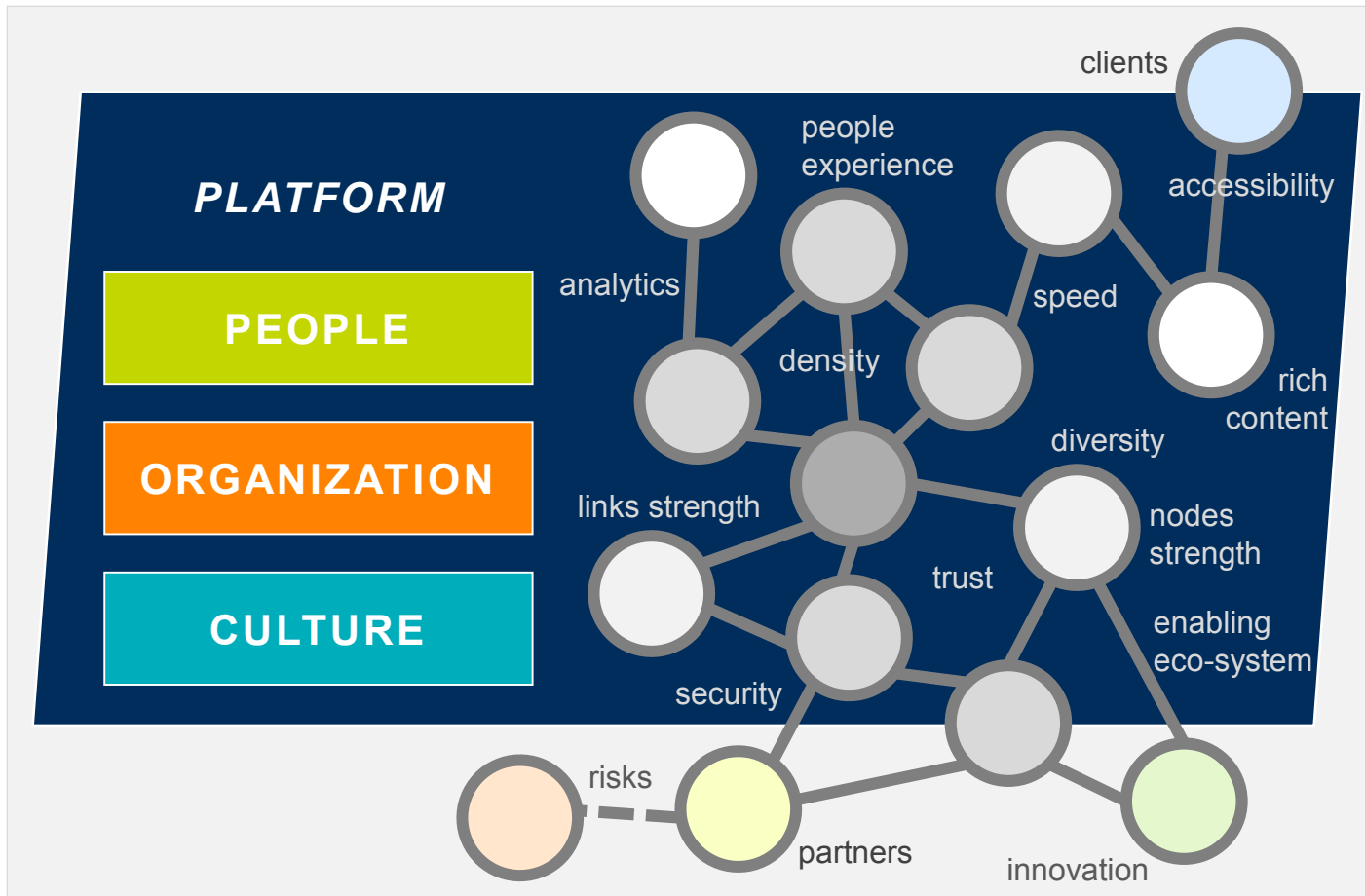
Do you know your personal brand? Have you mapped your core assets and capabilities? Do you have a strong network? Are you ‘agile’? Can you be disrupted? Do you have a development path? Do you realize your full potential?



# E. Call to action Maximizing social capital



Managing the value of connectivity



## Leadership shift

Move from 'being in the network' to 'managing and **leading the network**'.

Know and **focus on the people** and elements of the platform that maximize connectivity and outcome.

Develop **strategic vision, risk-taking and empathy** through digital / agile experience.



# E. Call to action Getting started



## Jump start the journey

### PLATFORM

> Do the math: compare your current transaction model with platform economics. Decide where to go. Reset.

### CULTURE

> Jump start a data-based client-centric culture. Deal with the blockers. Empower conscious Millennials, Gen Z. Use Design Thinking, agile, lean...

### ORGANIZATION

> Open your structure and 'talent market'. Define performance and treat people as adults. Bring the 'bots' and agile leaders in.

### PEOPLE

> Enable self-directed learning journeys. Use the power of networks to accelerate people growth. Measure discretionary energy and social capital.



**Thank you.**

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