Building the Capital Region’s digital talent pipeline

Digital talent is essential to competitiveness and growth, but the Capital Region continues to face a critical shortage. To identify strategies to build the digital talent pipeline, we developed an integrated perspective based on input from regional digital technology and talent leaders, and a comprehensive set of sources, including assets, research, and data from our knowledge partner for this effort, McKinsey & Company.

What is digital talent? Digital talent is the human capital needed to accelerate and deliver on an organization's digital capabilities and strategy. Almost all companies require digital talent. Examples of digital roles: data scientists, software programmers, cybersecurity professionals, product managers, UX designers.

- Interviews with Capital Region senior executives: 15+
- Survey responses from digital technology & HR leaders: 50+
- Publications on digital talent and broader talent trends: 30+

McKinsey assets, research, and data
- Great Attrition, Great Attraction database, research, and publications
- Race in the workplace database, research, and publications
- Women in the Workplace database, research, and publications

Great Attrition, Great Attraction database, research, and publications
Race in the workplace database, research, and publications
Women in the Workplace database, research, and publications
Eight strategies to build the Capital Region’s digital talent pipeline

1. Treat talent attraction as a team sport
2. Prioritize skills, not just degrees
3. Lead with your mission and connect to individual purpose
4. Bring rigor to diversity and inclusion
5. Treat prospective employees like your customers
6. Diversify incentives to retain digital talent
7. Improve retention by investing in upskilling
8. Move beyond traditional management career paths
The Capital Region is facing a critical shortage of digital talent

Estimated change in Capital Region digital talent gap, 2018 - 2025

~60% of Capital Region tech and tech adjacent positions will be unfilled by 2025.

~42% of digital workers leave the Capital Region market for other regions.

~21% of students with digital technology related degrees leave the Capital Region each year.

Notes: Tech occupations are defined as occupations that develop technology (e.g., computer programmers, web developers, database administrators); Tech adjacent occupations are defined as occupations that use technology extensively now or in the future (e.g., statisticians, computer operators, logisticians, sales engineers).

While organizations are optimistic that they can address talent shortages quickly, they do not have high confidence in their existing strategies.

~90% of survey respondents believe it will take less than a year to fill their open digital positions…

Leaders’ estimated timeline to close the digital talent gap, % of responses

- < 6 months: 66%
- 6-12 months: 24%
- >12 months: 10%

… however, 71% do not have high confidence in their existing strategies to fill openings.

Leaders’ confidence in existing strategies to close the digital talent gap, % of responses

- Low confidence: 17%
- Moderate confidence: 54%
- High confidence: 29%

How Capital Region organizations can build the digital talent pipeline
Sourcing: Expanding the Capital Region’s digital talent pool
1 Treat talent attraction as a team sport

As a talent trader that imports as much talent as it exports,¹ the Capital Region may not be viewed as an area of opportunity²

"""
This region is not attractive unless you grew up here or want to work in government. The region needs a marketing plan.
– Regional executive leader

As an outsider, I never thought of DC as a techy place, I would think college kids came to DC thinking they wanted to get involved in government.
– Digital business leader recruited to the region

Capital Region organizations can collectively attract talent to the region through branding campaigns

Several regions have launched similar campaigns to attract talent.³⁴

<table>
<thead>
<tr>
<th>Region</th>
<th>Website Visitors</th>
<th>Job Connections</th>
<th>Interns Engaged</th>
<th>Willing to Move</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Virginia</td>
<td>300,000</td>
<td>1,500</td>
<td>2,800</td>
<td>14% more</td>
</tr>
<tr>
<td>West Michigan</td>
<td>1.4M</td>
<td>29,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roanoke</td>
<td>300,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wisconsin</td>
<td>1.4M</td>
<td>29,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Northern Virginia and nearby regions’ ongoing campaigns could be expanded or replicated to cover the entire Capital Region.⁵⁶

<table>
<thead>
<tr>
<th>Region</th>
<th>Jobs Created</th>
<th>Website Visitors</th>
<th>Career Fair Attendees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Virginia</td>
<td>3000</td>
<td>483,000</td>
<td>3,470</td>
</tr>
</tbody>
</table>

Note: Campaign metrics are drawn from statistics available on the websites.

Prioritize skills, not just degrees

- **14%** more applications per view for job postings that highlight responsibilities instead of requirements\(^1\)

- **5x** improvement in predicting job performance when hiring for skills over education\(^2\)

- **34%** higher retention of employees without a bachelor’s degree than degree holders\(^1\)

**Skills-based hiring can increase access and diversity**

Maryland eliminated bachelor’s degree requirements from hundreds of government positions, increasing their potential talent pool by 1.3 million people, many of whom are from groups underrepresented in technology\(^3\).

Skills-based hiring provides a path for existing non-digital employees to move into open digital roles – a strategy rated highly effective by most digital talent leaders surveyed\(^4\).

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HIRING: ENHANCING APPROACHES TO CONVERT CANDIDATES TO COLLEAGUES
3. Lead with your mission and connect to individual purpose

Reasons digital talent decides to join an organization

<table>
<thead>
<tr>
<th>Reason</th>
<th>Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization mission/vision</td>
<td>4.94</td>
</tr>
<tr>
<td>Total compensation</td>
<td>4.71</td>
</tr>
<tr>
<td>Employee experience and benefits</td>
<td>4.16</td>
</tr>
<tr>
<td>Growth and learning opportunities</td>
<td>3.68</td>
</tr>
<tr>
<td>Brand / prestige</td>
<td>3.59</td>
</tr>
<tr>
<td>Work-life balance</td>
<td>3.41</td>
</tr>
<tr>
<td>Advancement opportunities</td>
<td>3.00</td>
</tr>
</tbody>
</table>


Digital leaders use mission-focused messaging to attract talent

We do get lots of interested individuals because of our mission-focused work.

Regional executive leader

There is excitement to belong to something bigger.

Digital talent leader

The story of what we are creating, the journey that we are on, it’s a compelling story.

Digital business leader
4 Bring rigor to diversity and inclusion

Capital Region’s digital talent is not representative of the area’s workforce

Share of Capital Region talent that is Black or Hispanic

<table>
<thead>
<tr>
<th>All Occupations</th>
<th>Tech Occupations</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>27%</td>
</tr>
</tbody>
</table>

Challenges organizations face diversifying digital talent

Percent of responses

<table>
<thead>
<tr>
<th>Other</th>
<th>Insufficient resources</th>
<th>No challenges</th>
<th>Traditional sourcing pools</th>
<th>Biased processes or people¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>19%</td>
<td>8%</td>
<td>15%</td>
<td>25%</td>
<td>33%</td>
</tr>
</tbody>
</table>

No regrets strategies

1. **Create collaborative ownership** between your Chief Human Resources officer, Chief Diversity Officer, and Chief Technology Officer. The group should create goals for racial and gender representation in each step of the hiring process (e.g., application, assessment, interview), assess progress, and be held accountable for success.

2. **Increase pay transparency** by including salary ranges in job postings and frequently reviewing compensation to ensure equitable pay between groups.

3. Reduce bias in the hiring process through **standardization of questions and assessments and behavioral training for interviewers**.

4. **Incorporate affinity groups into the hiring process** to make early connections and promote more successful onboarding.

See the Chamber’s **Championing Representation** report for more ideas.

Notes: Biased processes or people encompasses three categories (biased processes or people, reliance on very standardized or very technical assessments, and lack of leadership buy-in)

5 Treat prospective employees like your customers

ILLUSTRATIVE JOURNEY

Revamp hiring processes to be candidate centric and data-driven

- Mobile-friendly job openings
- Real-time interaction with recruiters through live chats
- Candidates matched to best-fit roles by recruiters and existing digital employees
- Rapid offer turnaround within 1 to 3 days

We must meet the candidates where they are – on their cell phones. We track time on our careers website and have recruiters that are online to chat about openings.

Regional executive leader

We don’t only get digital talent to the door. We walk them inside. We ask questions to match them to jobs.

Talent executive

RETAINING: KEEPING COLLEAGUES ON THE TEAM
Diversify incentives to retain digital talent

Autonomy and other nonfinancial incentives could improve retention

Organizations are increasing flexibility and autonomy to retain digital talent:

We are attracting talent to the organization by allowing for more remote work. Our latest hires have all been 100% remote.

Human resources leader

We foster a continuous open dialogue in a one-on-one model. We engage the employees in discussions about where they are, where the company is, and where we want to go.

Executive leader

We celebrate and recognize employees to create a family atmosphere by celebrating each other daily - this improves retention.

Operations leader

Strategies to retain digital talent:

- More agile and/or less bureaucratic way of working: 21%
- Improved culture, energy, and morale: 19%
- Clearer, more structured career paths: 19%
- More cutting-edge, exciting work within IT: 16%
- More competitive salary, benefits, and/or incentives: 15%
- A better-trained or better-funded recruiting organization: 9%
- A more flexible operating model or environment for work: 8%
- More desirable geographic location: 5%

### Improve retention by investing in upskilling

Developing and upskilling employees is viewed as the most effective strategy to fill digital talent gaps, but it remains relatively underfunded.¹

<table>
<thead>
<tr>
<th>Strategy efficacy</th>
<th>Least Effective</th>
<th>Most Effective</th>
<th>Strategy efficacy</th>
<th>Least Effective</th>
<th>Most Effective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop and upskill current employees</td>
<td>0.37</td>
<td>1.56</td>
<td>Increase workplace flexibility</td>
<td>0.96</td>
<td>1.52</td>
</tr>
<tr>
<td>Increase total compensation</td>
<td>0.87</td>
<td>1.03</td>
<td>Recruit remote talent outside the region</td>
<td>0.67</td>
<td>0.96</td>
</tr>
<tr>
<td>Partner with external providers</td>
<td>0.79</td>
<td>0.87</td>
<td>More competitive for local talent</td>
<td>0.67</td>
<td>0.79</td>
</tr>
<tr>
<td>Offer or accelerate promotions</td>
<td>0.37</td>
<td>0.67</td>
<td>Encourage talent to relocate to the region</td>
<td>0.37</td>
<td>0.67</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Resource allocation</th>
<th>Least Resources</th>
<th>Most Resources</th>
<th>Resource allocation</th>
<th>Least Resources</th>
<th>Most Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop and upskill current employees</td>
<td>2.71</td>
<td>6.04</td>
<td>Increase workplace flexibility</td>
<td>4.11</td>
<td>5.85</td>
</tr>
<tr>
<td>Increase total compensation</td>
<td>3.07</td>
<td>5.04</td>
<td>Recruit remote talent outside the region</td>
<td>4.32</td>
<td>5.85</td>
</tr>
<tr>
<td>Partner with external providers</td>
<td>4.11</td>
<td>6.04</td>
<td>More competitive for local talent</td>
<td>4.64</td>
<td>6.04</td>
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<td>Offer or accelerate promotions</td>
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<td>6.04</td>
</tr>
</tbody>
</table>

Notes: Survey questions: a'How effective are each of the strategies below in building your organization's digital talent pipeline? (Highly Ineffective to Highly Effective)' and b 'Over the past 12 months, to which of these digital talent pipeline development strategies has your organization applied the most resources? (rank 1-9)'


#### Reallocate resources towards developing and upskilling current employees

We retain a lot of our individuals by allowing them to innovate and be on the cutting edge of research. — Human resources leader

What I have found to be successful with IT professionals is to make sure they are always learning. — Strategy leader

>60% of employees believe learning and development are very important when deciding to join or stay at a job.³
# Move beyond traditional management career paths

Rethink career paths to be more varied in projects, divisions, and functions

## Illustrative

<table>
<thead>
<tr>
<th>Industry A</th>
<th>Industry B</th>
<th>Industry C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company A</td>
<td>Gig</td>
<td>Company B</td>
</tr>
<tr>
<td>Software Engineer</td>
<td>Startup</td>
<td>Staff Engineer</td>
</tr>
<tr>
<td>Intern</td>
<td>(many options)</td>
<td>(many options)</td>
</tr>
<tr>
<td>Contractor</td>
<td>(many options)</td>
<td></td>
</tr>
</tbody>
</table>

70% of tech talent isn’t interested in advancing through people leadership paths.\(^2\)

While there is broad recognition that advancement matters to digital talent, organizations still think about advancement as climbing the traditional corporate ladder.

Organizations need to provide internal paths that are tailored to the diverse interests of digital talent, who often transition between roles and functions.

**Individual contributor and expert paths** that provide recognition and rewards without requiring digital talent to be people managers are possible avenues to achieving this goal.

We launched a job architecture map to make it easy for people to move up and across departments, with the goal of retention.

Operations leader

Appendix

A. Notable sources on digital talent management
B. Additional digital talent strategies
C. Case study: Revamping hiring processes
Notable sources on talent / digital talent management

- Great Attrition or Great Attraction? The choice is yours
- The Great Attrition is making hiring harder. Are you searching the right talent pools?
- Human Capital at Work: The value of experience
- Network Effects: How to rebuild social capital and improve corporate performance
- Tech Talent Tectonics
### Additional digital talent strategies (1/2)

<table>
<thead>
<tr>
<th>Topic</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sourcing/attraction</strong></td>
<td>Reduce or eliminate education requirements / focus on candidate abilities and skills to expand the pool of talent qualified for open digital positions. This strategy can also help to diversify digital talent.</td>
</tr>
<tr>
<td></td>
<td>Develop / train / upskill internal talent to fill open digital roles. This applies to talent that is currently digital, digital-adjacent, and non-digital and may be especially important for organizations that require specialty digital skills (e.g., gaming). Leveraging internal talent for open digital roles can increase retention.</td>
</tr>
<tr>
<td></td>
<td>Partner with and recruit digital talent from community colleges, bootcamps, and workforce development programs. These programs are increasing in popularity and research indicates that candidates without bachelor’s degrees perform similarly to four-year degree holders and stay at their companies longer than four-year degree holders.</td>
</tr>
<tr>
<td></td>
<td>Leverage existing digital employees to recruit new talent. Provide incentives for existing digital employees to refer candidates from their network.</td>
</tr>
<tr>
<td></td>
<td>Broaden educational partnerships and form direct relationships with affinity groups to identify and attract new candidates and diversify the digital talent pool. Think beyond traditional technology or career-focused affinity groups to reach talent who may not have considered digital roles.</td>
</tr>
<tr>
<td><strong>Hiring</strong></td>
<td>Create structured and personalized hiring processes by reducing the length of the interview process and leverage customer experience insights to revamp hiring and onboarding processes.</td>
</tr>
<tr>
<td></td>
<td>Incorporate analytics to enhance hiring. Companies can leverage data and predictive analytics to quickly and more accurately identify needed positions, begin the recruitment process, and hire qualified candidates.</td>
</tr>
</tbody>
</table>
### Additional digital talent strategies (1/2)

<table>
<thead>
<tr>
<th>Topic</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hiring</strong></td>
<td><strong>Develop “pooled” hiring strategies</strong> that allow for batch hiring of all qualified digital talent. Specific positions can then be identified for talent during the onboarding process based on candidate interests and skills and organizational needs.</td>
</tr>
<tr>
<td></td>
<td><strong>Negotiate contracts that mandate specific degree requirements.</strong> Oftentimes employers can request that work experience be considered in lieu of degree requirements, which can broaden the pool of talent that can work on the contract, making sourcing and hiring easier.</td>
</tr>
<tr>
<td></td>
<td><strong>Create social media content focused on your digital organization,</strong> including profiles of existing digital employees with “day in the life” stories and open available positions.</td>
</tr>
<tr>
<td><strong>Retention</strong></td>
<td><strong>Increase training and development opportunities</strong> to improve attraction and retention of digital talent, especially nontraditional talent.</td>
</tr>
<tr>
<td></td>
<td><strong>Offer a range of formal mentorship and coaching programs</strong> to facilitate a more inclusive environment and ensure that digital talent is connected to other digital employees, relevant employee resource groups, digital business leaders, and non-technical leaders.</td>
</tr>
<tr>
<td></td>
<td><strong>Leverage low or no code technologies</strong> so non-digital employees can take on simple projects, freeing up digital talent time for more advanced work.</td>
</tr>
<tr>
<td></td>
<td><strong>Create multiple paths to advancement</strong> to provide paths for digital talent to advance without taking on people management.</td>
</tr>
<tr>
<td></td>
<td><strong>Reorganize digital talent into small teams</strong> to empower employees to function with greater autonomy, increasing satisfaction and innovation.</td>
</tr>
<tr>
<td></td>
<td><strong>Augment compensation packages</strong> with wellness services, workplace flexibility, and other nonfinancial incentives.</td>
</tr>
</tbody>
</table>
Case study: Large retailer improved candidate experience and hiring time with personalized, data-driven hiring process

Meet Martha.
She’s looking for work in the Chicago area. This is her experience applying to RetailCo, using the new mobile recruiting and hiring app.

1. Attract a strong pipeline and grow your reputation as a great employer
   - Location-specific openings
   - Candidate-led search
   - Engaging job descriptions

2. Make applying easy and quick
   - Apply via a short form on the app
   - Upload all required docs
   - Grow your applicant pool

3. Screen, schedule and interview through the app
   - Schedule and sync with calendar
   - Use the app to Video Chat
   - Store manager interview

4. Hire the best candidates
   - Track pipeline, send out offers or decline candidates
   - Gather feedback for rejected offers
   - Encourage candidate to sign offer

5. Transform HR processes through People Analytics
   - Analyze your pipeline health
   - Objectively rank and screen candidates

Impact achieved

↓ 66%
Reduction in time to hire, speeding up the hiring process from 15 days to 5 with less paperwork and faster candidate feedback

↑
Improved experience for candidates and hiring staff

↑
Increased efficiency of field HR and store managers