Building the Capital Region's Digital Talent Pipeline

August 2022

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The Voice of Business in Northern Virginia™

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.

15+ **Interviews** with Capital Region senior executives

50+ **Survey responses** from digital technology & HR leaders

30+ **Publications** on digital talent and broader talent trends

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

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.

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Eight strategies to build the Capital Region's digital talent pipeline

Sourcing

Hiring

Retaining

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
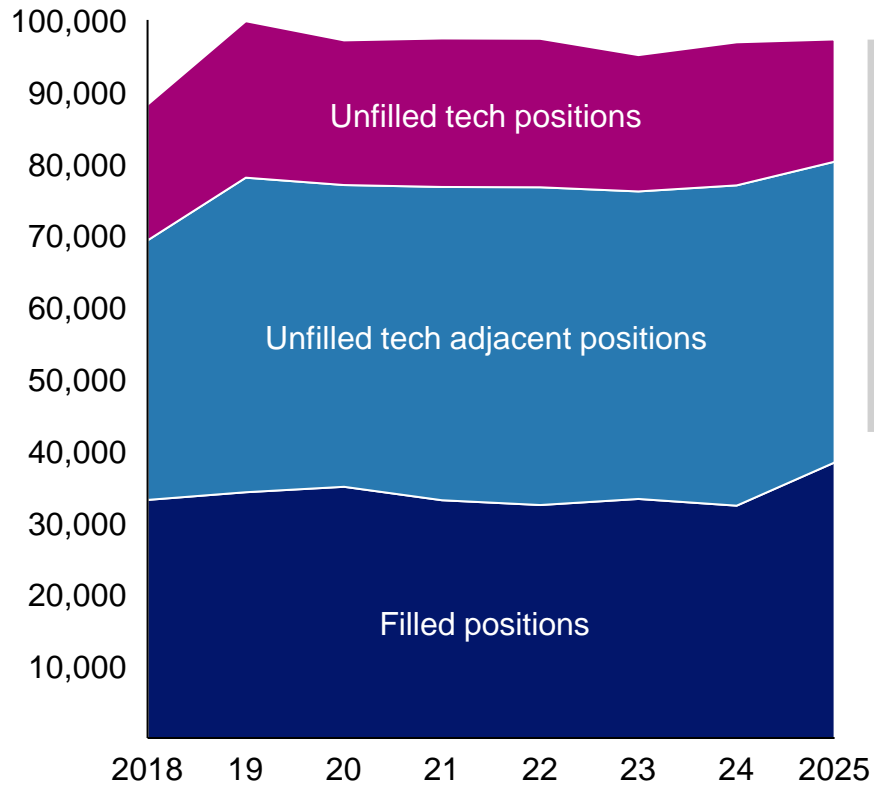
6 Diversify incentives to retain digital talent

7 Improve retention by investing in upskilling

8 Move beyond traditional management career paths

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The Capital Region is facing a critical shortage of digital talent

Estimated change in Capital Region digital talent gap, 2018- 2025[1]

~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.[2]

~21%

of students with digital technology related degrees leave the Capital Region each year.[1]
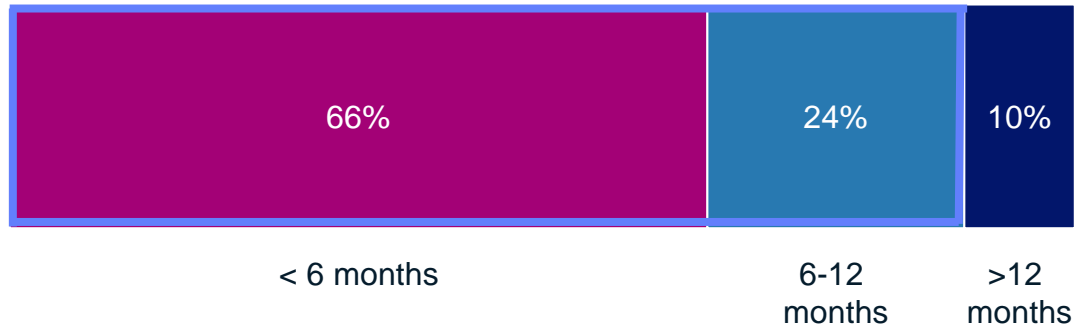
Notes: Tech occupations are defined as occupations that develop technology (e.g., computer programmers, web developers, database administrators); Tech adjacent occupations are defined as occupations that use technology extensively now or in the future (e.g., statisticians, computer operators, logisticians, sales engineers)

Sources: 1Greater Washington Partnership.2020. The Capital Region faces a huge tech talent shortage; 2McKinsey.2019.Building the tech talent pipeline

While organizations are optimistic that they can address talent shortages quickly, they do not have high confidence in their existing strategies
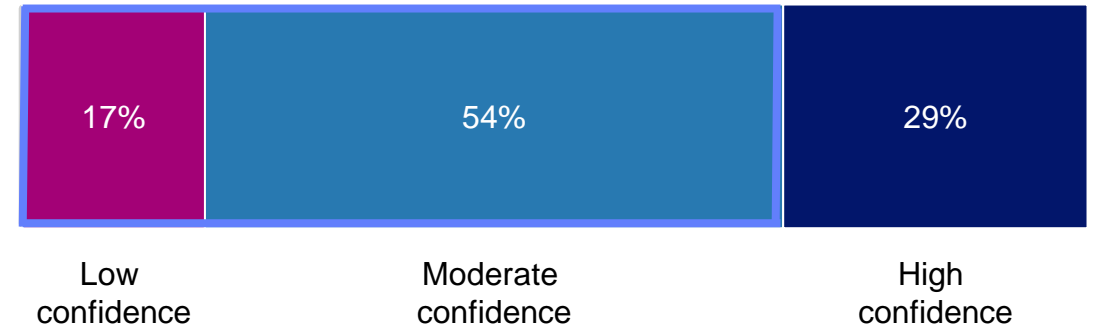
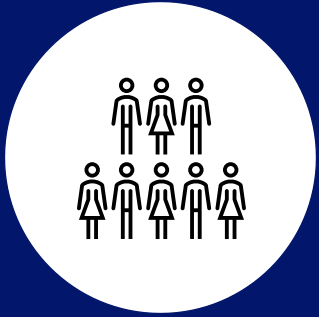**~90% of survey respondents believe it will take less than a year to fill their open digital positions…**

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

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

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

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

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

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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 opportunity[2]

> **"** 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.[3,4]

HelloWestMichigan

300,000 website visitors
1,500 job connections
2,800 interns engaged

WISCONSIN ECONOMIC DEVELOPMENT

1.4M website visitors
29,000 job searches
14% more willing to move

Northern Virginia and nearby regions' ongoing campaigns could be expanded or replicated to cover the entire Capital Region.[5,6]

ROANOKE REGIONAL PARTNERSHIP

3000 jobs created

Northern Virginia INNOVATION LIVES HERE

483,000 website visitors
3,470 career fair attendees

② Prioritize skills, not just degrees

14% **more applications per view** for job postings that highlight responsibilities instead of requirements[1]

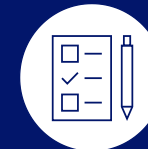**5x** **improvement in predicting job performance** when hiring for skills over education[2]

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]

Sources: 1LinkedIn.2021.Why Skills-Based Hiring Starts with Your Job Descriptions; 2Markle Foundation.Skills-based Sourcing and Hiring Playbook; 3Maryland.gov.2022.Governor Hogan Announces Elimination of Four-Year Degree Requirement For Thousands of State Jobs; 4McKinsey.2022.Capital Digital Talent Survey.

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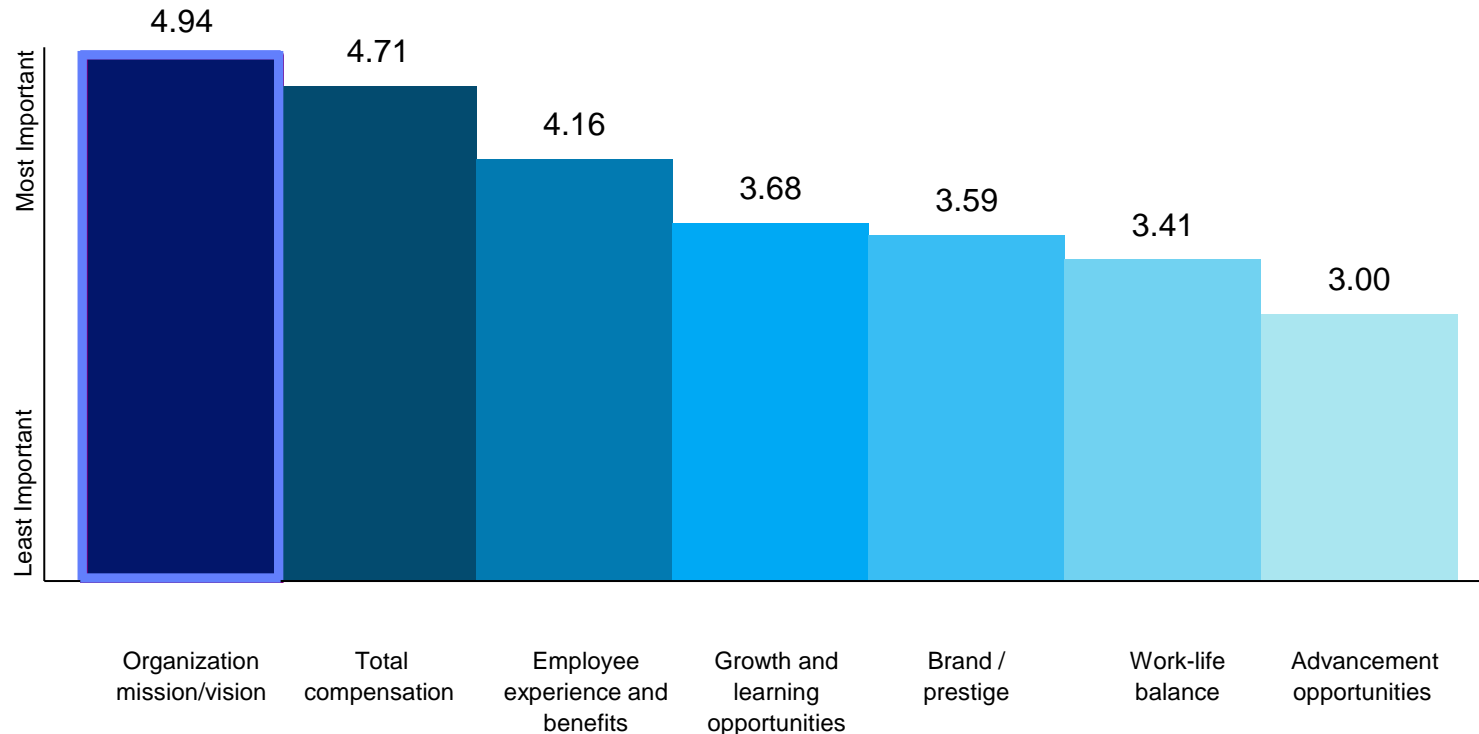
HIRING: ENHANCING APPROACHES TO CONVERT CANDIDATES TO COLLEAGUES

③ Lead with your mission and connect to individual purpose

Reasons digital talent decides to join an organization[1]

Organization mission/vision	4.94
Total compensation	4.71
Employee experience and benefits	4.16
Growth and learning opportunities	3.68
Brand / prestige	3.59
Work-life balance	3.41
Advancement opportunities	3.00

Digital leaders use mission-focused messaging to attract talent[2]

" "

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**.
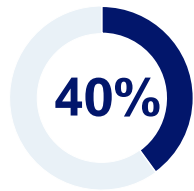
Digital business leader

④ Bring rigor to diversity and inclusion

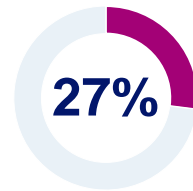## Capital Region's digital talent is not representative of the area's workforce

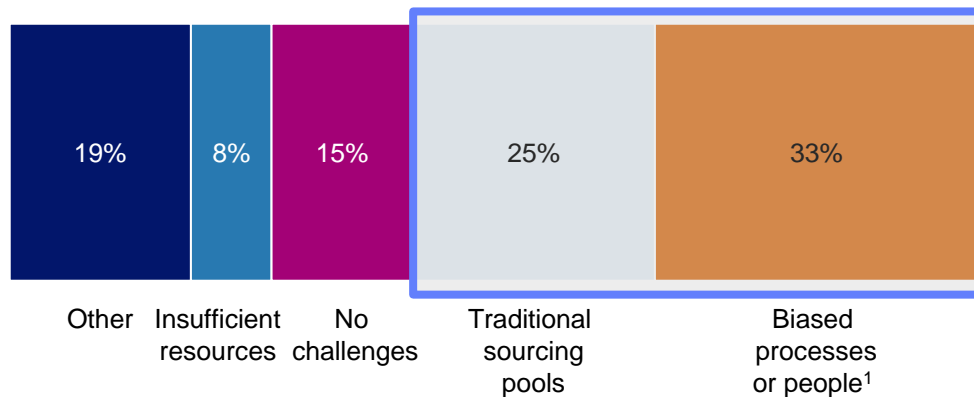**Share of Capital Region talent that is Black or Hispanic[1]**

All Occupations

40% vs.

Tech Occupations

27%

Challenges organizations face diversifying digital talent

Percent of responses

Other	Insufficient resources	No challenges	Traditional sourcing pools	Biased processes or people[1]
19%	8%	15%	25%	33%

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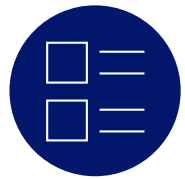
Notes: Biased processes or people encompasses three categories (biased processes or people, reliance on very standardized or very technical assessments, and lack of leadership buy-in)

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

Sources: McKinsey.2022.Capital digital talent interviews; McKinsey.2019. Tech talent tectonics: Ten new realities for finding, keeping, and developing talent; McKinsey.2020.Transforming the US government's approach to hiring digital talent; McKinsey.2022.Talent at a turning point: How people analytics can help; McKinsey.2019.3 critical steps to improve hiring.

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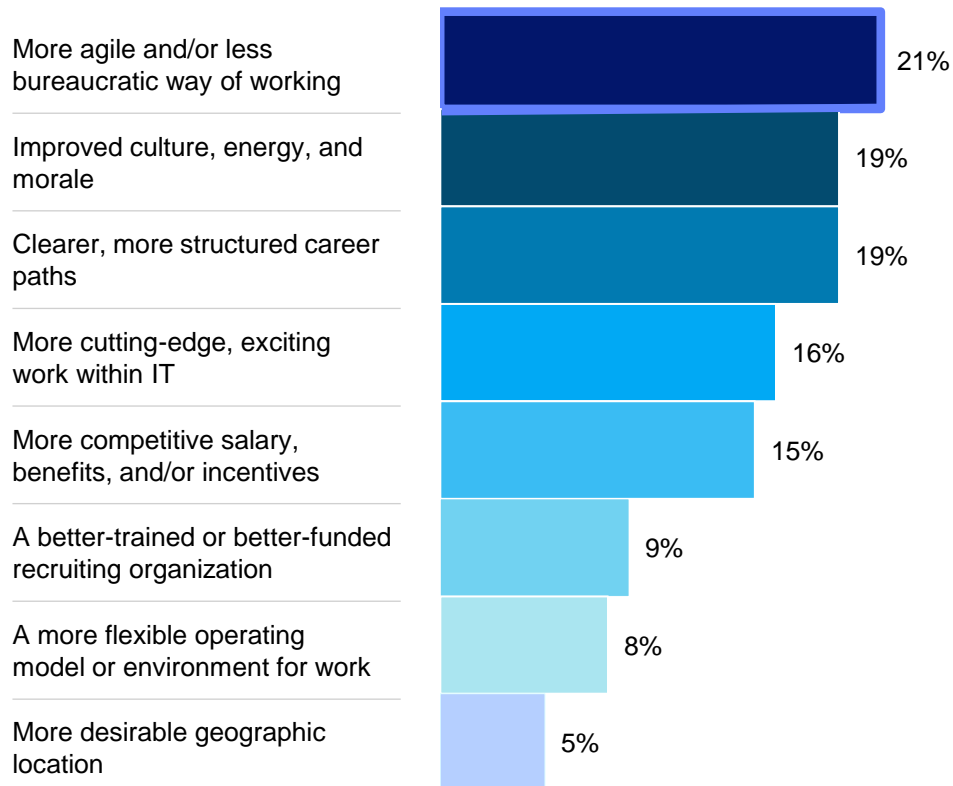CHAMBER OF COMMERCE
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RETAINING: KEEPING COLLEAGUES ON THE TEAM

⑥ Diversify incentives to retain digital talent

Autonomy and other nonfinancial incentives could improve retention

Strategies to retain digital talent[1]

Strategy	Percentage
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%

Organizations are increasing flexibility and autonomy to retain digital talent[2]

" "

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.
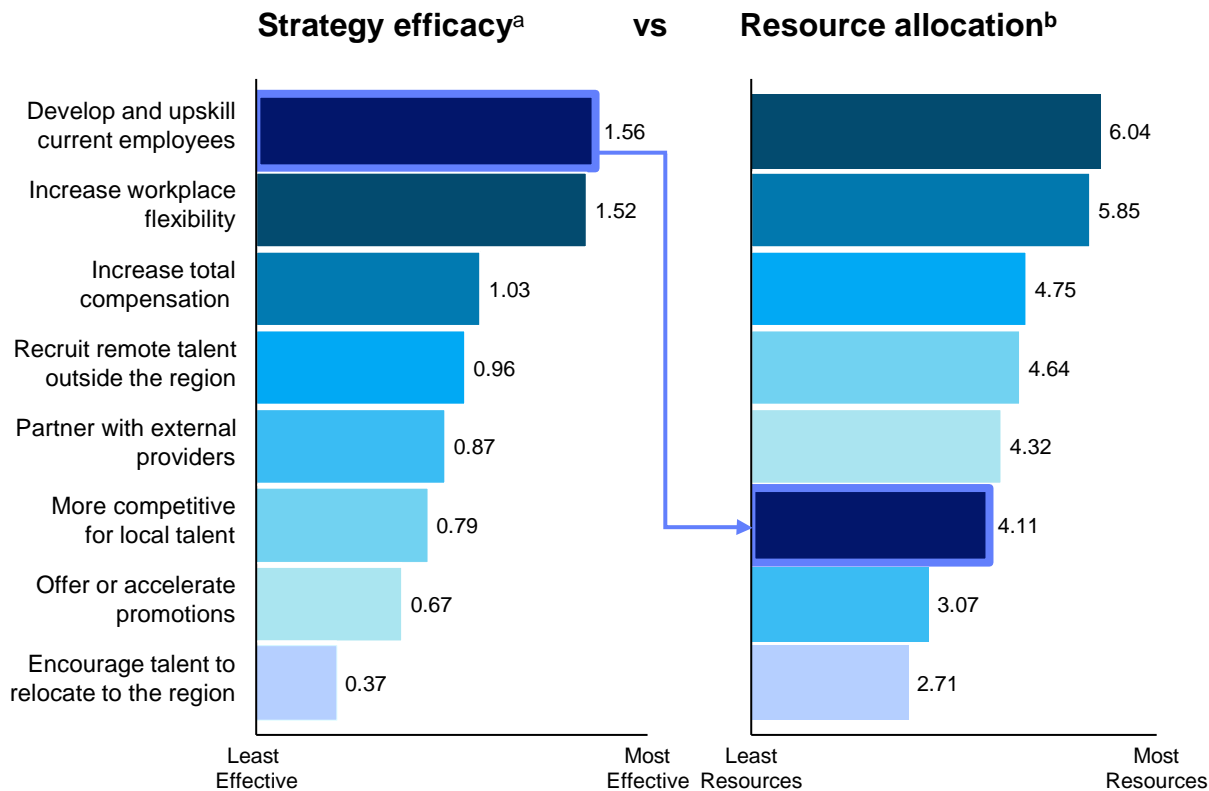
Executive leader

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

Operations leader

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

Strategy efficacy[a]   **vs**   **Resource allocation[b]**

Strategy	Efficacy	Resources
Develop and upskill current employees	1.56	6.04
Increase workplace flexibility	1.52	5.85
Increase total compensation	1.03	4.75
Recruit remote talent outside the region	0.96	4.64
Partner with external providers	0.87	4.32
More competitive for local talent	0.79	4.11
Offer or accelerate promotions	0.67	3.07
Encourage talent to relocate to the region	0.37	2.71

Least Effective — Most Effective   Least Resources — Most Resources

Reallocate resources towards developing and upskilling current employees[2]

" 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.**
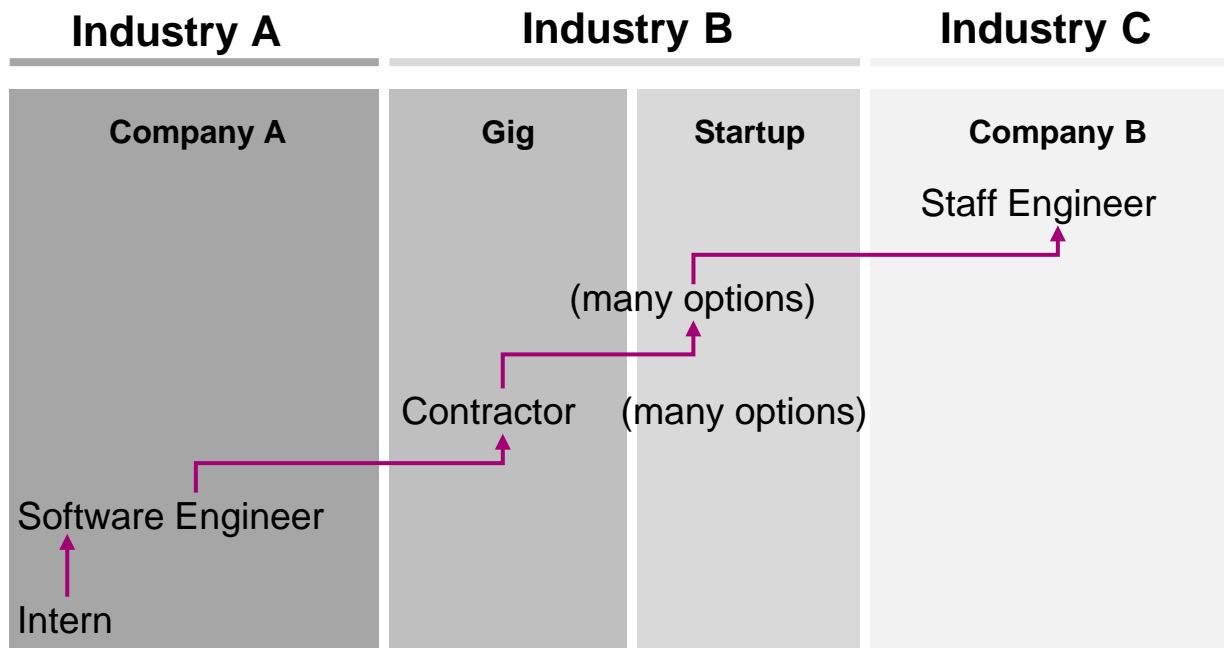
Strategy leader

>60% of employees believe learning and development are very important when deciding to join or stay at a job.[3]

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)"

Sources: 1McKinsey.2022.Capital Digital Talent Survey; 2McKinsey.2022.Capital digital talent interviews; 3McKinsey.2022. Human capital at work

⑧ Move beyond traditional management career paths

ILLUSTRATIVE

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

Industry A	Industry B		Industry C
Company A	**Gig**	**Startup**	**Company B**

Staff Engineer

(many options)

Contractor (many options)

Software Engineer

Intern

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

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Appendix

A   **Notable sources on digital talent management**

B   **Additional digital talent strategies**

C   **Case study: Revamping hiring processes**

A Notable sources on talent / digital talent management

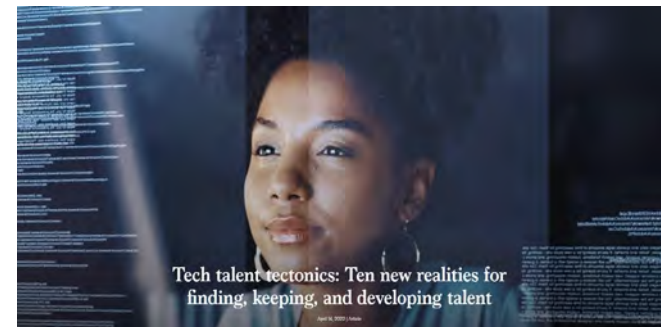

[Great Attrition or Great Attraction? The choice is yours](#)

[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)

Topic	Strategy
Sourcing/ attraction	**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.
	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.
	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.
	Leverage existing digital employees to recruit new talent. Provide incentives for existing digital employees to refer candidates from their network.
	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.
Hiring	**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.
	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.

B Additional digital talent strategies (1/2)

Topic	Strategy
Hiring	**Develop "pooled" hiring strategies** 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.
	Negotiate contracts that mandate specific degree requirements. 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.
	Create social media content focused on your digital organization, including profiles of existing digital employees with "day in the life" stories and open available positions.
Retention	**Increase training and development opportunities** to improve attraction and retention of digital talent, especially nontraditional talent.
	Offer a range of formal mentorship and coaching programs 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.
	Leverage low or no code technologies so non-digital employees can take on simple projects, freeing up digital talent time for more advanced work.
	Create multiple paths to advancement to provide paths for digital talent to advance without taking on people management.
	Reorganize digital talent into small teams to empower employees to function with greater autonomy, increasing satisfaction and innovation.
	Augment compensation packages with wellness services, workplace flexibility, and other nonfinancial incentives.

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Case study: Large retailer improved candidate experience and hiring time with personalized, data-driven hiring process

C

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.

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

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

1 **2** **3** **4** **5**

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

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

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

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