Dec 11, 2016, 10:49am EST

Everything Is Becoming Digital: Talent, Business, And HR Predictions For 2017

Josh Bersin Former Contributor ⓘ

Leadership Strategy

I analyze corporate HR, talent management and leadership.

[Follow]

TWEET THIS

🐦 For investors and executives, business models are being disrupted everywhere.

🐦 Our digital business research with MIT showed that 70% of CEOs believe their core business model is under attack, and 90% of them believe they do not yet have the right leadership team or technical skills to adapt.

The world of work is undergoing radical change. Business has become a real-time experience, we deal with a relentless stream of messages and communications, and we operate in a network of teams. The traditional top-down hierarchy is rapidly going away as young professionals demand more opportunity, leadership, and responsibility. Technology has become an every-day part of our lives, and we often feel a bit overwhelmed by it. (Should I check my email? Facebook? Twitter feed? Instagram? Or LinkedIn? Where should I post that great picture I just took? Who are all these "friends" who want to connect with me? How does Snapchat work anyway?)

For investors and executives, business models are being disrupted everywhere. 🐦 Automobile companies may become transportation service providers; hotel and hospitality companies compete with home sharing and food delivery services; companies that sell commodities like electric light

bulbs and thermostats want to sell home services; and companies that used to sell software and technology products want to move to subscription models.

Our digital business research with MIT showed that 70% of CEOs believe their core business model is under attack, and 90% of them believe they do not yet have the right leadership team or technical skills to adapt. 🐦 I just met with the CEO of one of the largest providers of job market analytics and he told me that the hot jobs of the future do not just require new skills (like cybersecurity, IOT

Photo Courtesy, Architizer

engineering, mobile apps), they require "hybrid skills," or an interdisciplinary set of capabilities 🐦 . Software engineers should understand many parts of the stack as well as design and data management. Sales people should understand business models and technology as well as sales and relationship building skills. Product managers should understand market segmentation, product strategy, engineering, and technology. And the list goes on and on.

One of the loudest discussions in the world is the "future of work." As I discuss in Deloitte's predictions report and the speech I gave this summer, the future of work is not a story of artificial intelligence and robotics. Rather it's a story about how we make jobs "more human" and take advantage of the "essential human skills" we need in business. Every one of us should learn how to augment our performance with technology (and yes, some of the technology will be very smart), but then add human elements to the work to help provide higher levels of customer value and service.

Starbucks, Peet's, or Philz Coffee, for example, could easily choose to automate the coffee shop so you speak to a robot and your coffee drink is perfectly designed and built, offered by the machine, in a fraction of the time we spend waiting in line. But would that make it fun and enjoyable to buy coffee? Not necessarily, so the design challenge is how to effectively apply technology to the coffee and barista experience to make jobs easier for employees and even more fun and interesting to customers. (McDonald's is experimenting with automated ordering machines in the restaurants, but they are supplemented with people who deliver the food and talk with you, so this is an example of "augmentation" not "replacement.")

While all this is going on, companies and organizations are going through a sweeping set of changes. As I discuss in the report, business and HR executives are struggling with a wide set of issues, as organizations themselves become more "digital" (real-time, agile, experimental, and customer and employee focused). We are trying to restructure around teams, focus on the employee experience and drive a strong, well aligned culture; we are rapidly redefining what "performance means" and how we manage and measure it; we are looking for new ways to manage careers and

talent mobility; and we are becoming hyper focused on diversity, inclusion, wellness, and new ways to improve productivity in the office (oh yes, the "office" itself has changed an awful lot, too).

Over the last 14 years as I write this predictions report, I sit down in the fall and think about all the research, client meetings, and vendors I have talked with. This year, perhaps like never before, I see a set of technology, workforce, and business changes pointing to a clear direction for the future. We are rebuilding companies into "digital organizations": businesses that empower people to use their skills and leverage their best capabilities, breaking down the traditional "job description" and upward career model, using data and culture as tools to build alignment and coordination.

Just as companies focus relentlessly on their customers and how their needs and expectations change, so should HR now focus on employees in a similar way. In order to build this new "digital organization" (and companies that do this well are far outperforming their peers) it's important to really understand what drives your employees crazy. We are instrumenting companies with pulse survey and feedback tools, check-in's, employee-curated learning platforms, and many other tools that help us get a total understanding of what makes employees happy and productive, so we can continuously make companies better places to work.

When I entered the workforce in the late 1970s the business mantra was "shareholders first, customers second, employees third." The theory then, when financial engineering and conglomerates were big, was that "building shareholder value" was sacrosanct, and everything else drew from that strategy. Today this equation has been totally reversed: the CHRO of a large retailer put it clearly: " if we take care of our employees first, they in turn take care of our customers, who in turn take care of our shareholders. 🐦 " The major reason for this shift, of course, is that 70-80% of business value is now based on service and IP (Bureau of Labor Statistics), so when employees are unhappy or misaligned your entire business proposition goes

out the window. This new idea is becoming clear to more and more CEOs every day, and that puts us in HR right in the hot seat.

The other big issue I discuss in this report (and will spend much more time discussing in the coming year), is the intersection between business issues and the political and public policy world. We now live in a political discussion about diversity, immigration, income inequality, and a debate about what economic policy will create the best sustainable growth. Our employees are citizens first, and they have opinions, fears, and strong positions on all these issues. We, as business and HR leaders, should understand how these topics impact our organizations, and put in place policies that support a healthy work environment where employees feel safe.

Companies are now realizing, for example, that gender pay inequity persists. Mark Benioff, CEO of Salesforce, for example, eliminated gender pay inequity the same day he found out about it. Gender and racial bias in hiring, promotion, and opportunity should be addressed head on as well, and it has now become a part of your brand. (New HR tools can now automatically highlight gender pay inequity, by the way, so analytics and artificial intelligence is now helping us eliminate bias.)

Income inequality is also an issue, and we as organizations should understand its impact on our people and the community. Retailers are raising wages (much research shows that paying retail employees more leads to both better customer service and higher profitability, to say nothing of turnover and employee engagement), companies are providing new levels of job training and career development, and they are becoming more sensitive to the potential political cost of outsourcing or automation.

We are also seeing a shift away from "jobs" to "work" as the model for employment around the world. 🐦 For the last 50 years we have all aspired to hold a "job," something we cling to and cherish as part of our identity. We argue for a strong job title, we want a higher level, and we tightly hold onto our corner office, special parking place, and other artifacts of achievement.

And people are often hired into "jobs" like slotting gears into a machine: read the job description, look for someone with the right "skills and experience," and slot them in.

Today our research shows that jobs are changing as fast as products and services. One person may take a job as head of sales and do it one way, another person will do it differently. Every year the "job" changes because the work changes, so more and more of our model is "hiring for work" and "hiring for skills, capabilities, culture, and potential," not just "filling a job." While this seems like a somewhat abstract idea, it is happening all around us. The way we are re-engineering performance management, reward systems, career programs, development, and mobility is all shaped by this shift from "jobs" to "work." We don't own our jobs any more, we simply inhabit them for a short time, and we add value in our own special way. This shift is helping to make work better, but it also means we should rethink HR.

Anyway there is so much to talk about, I won't give it all way here. The theme of the 2017 predictions is "everything is becoming digital," and you can see how I've tried to weave all these issues into a set of actionable predictions you should be able to use to align your strategies and get your team together.

As always I want to thank all of you for your generosity in talking with us, sharing your own experience, and giving us feedback. Our job is to be the "pathfinder" in the world of talent, HR, and leadership, and we can't do that job without your support and ongoing conversations.

2017 is going to be an exciting, change-filled year. I hope this research helps you see around the corner and feel more comfortable with the future, and then make the right plans to add value and support your organization and your personal careers in a fantastic and rewarding way.

Follow me on Twitter *or* LinkedIn. *Check out my* website.

Josh Bersin

I am an independent analyst and founder of [Bersin by Deloitte](), provider of global research in human resources and HR technology. I've spent my career in technology,...

Read More

Reprints & Permissions