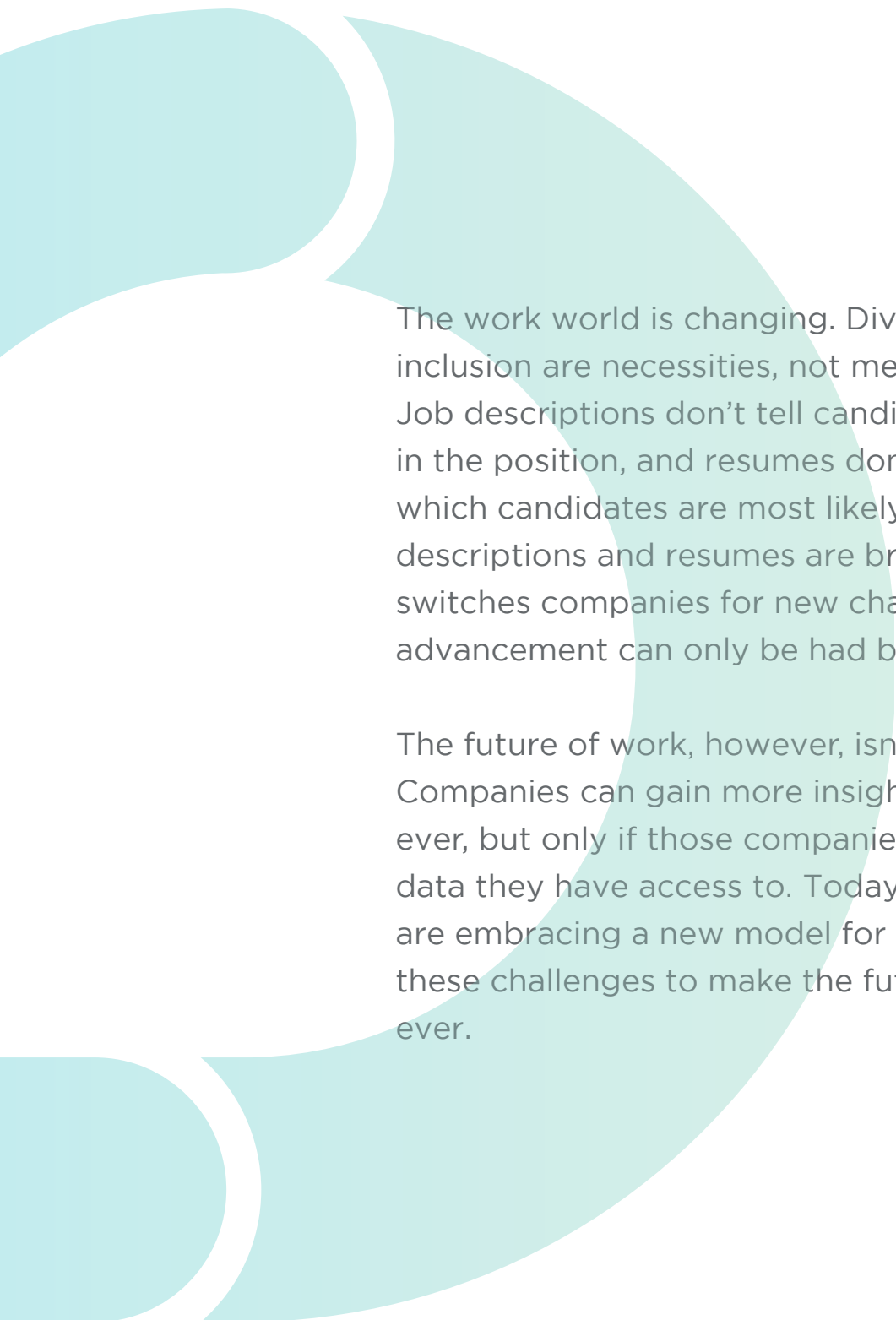




A New Model for Recruiting and Managing People



The work world is changing. Diversity and inclusion are necessities, not merely talking points. Job descriptions don't tell candidates what to expect in the position, and resumes don't tell hiring managers which candidates are most likely to succeed; job descriptions and resumes are broken. Top talent switches companies for new challenges, assuming advancement can only be had by leaving.

The future of work, however, isn't entirely bleak. Companies can gain more insights into talent than ever, but only if those companies are able to use the data they have access to. Today's leading companies are embracing a new model for talent, overcoming these challenges to make the future brighter than ever.

“We are talking about billions of jobs, billions of skills, millions of job titles, millions of career options, multiple geographies, industries, and languages,” say Eightfold.ai’s Ashutosh Garg and Kamal Ahluwalia in their book *What’s Next For You*¹. “This is a problem worth solving that cannot be solved by individuals doing this manually or with archaic tools.”

The changes that companies are experiencing can be grouped into three fundamental challenges:

- Rapid changes in how we work.
- An increasing need for meaningful diversity and inclusion.
- The evolving needs of talented workers.

This white paper explores these three challenges in greater detail and proposes solutions for each challenge.

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1. Garg, Ashutosh, and Ahluwalia Kamal. *What’s Next For You: The Eightfold Path to Transforming the Way We Hire and Manage Talent*. BALBOA PRESS, 2019.

Technology is changing how we work. It's changing how we engage others in the workplace, and it's also changing the skills we need to complete tasks and reach business goals, says Stefan Ries, chief human resources officer, labor relations director and executive board member at SAP².

In addition to technological change, shifting demographics and accelerating globalization are changing the way we work and the way companies source talent. The “digital natives” of the Millennial and Gen Z generations comprise half of the workforce, and their shares are growing. Meanwhile, digital connectivity makes it possible to build business teams that work together across the globe.

These transformations demand a long-term focus from companies committed to ongoing sustainable growth, says DJ Paoni, president of SAP North America³. Recruiting for specific, technical skill sets and continually training your teams to keep pace with technology are a must.

Central to the future of work lie two questions:

1. People will need specific skills to use the technologies of tomorrow. What are those skills?
2. How will people use future technology to achieve key business goals?

Candidate recruitment and employee mobility efforts will face these two questions again and again as the pace of business transformation accelerates.

“ Technology is changing how we work. It's changing how we engage others in the workplace, and it's also changing the skills we need to complete tasks and reach business goals. ”

Stefan Ries

2. Ries, Stefan. “The Future of Work is Now.” Digitalist Magazine, 22 Nov. 2016. <https://www.digitalistmag.com/future-of-work/2016/11/22/the-future-of-work-is-now-04701039>

3. Paoni, DJ. “To Bridge the Talent Gap, C-Suites Must Think (and act) Long-Term.” SAP on Medium, 1 Feb 2019. <https://medium.com/sap-innovation-spotlight/to-bridge-the-talent-gap-c-suites-must-think-and-act-long-term-cf52232eddd1future-of-work-is-now-04701039>



The Value of Time

Workers and companies alike are facing the challenge of time compression. Skills are becoming obsolete more quickly than ever before, which means that employers have a choice: Hire again and again, or train their people for long-term adaptability and success.

“Businesses are having to adapt to technology changes and changes in customer expectations roughly every 10 years — a timeframe that is continuing to shrink,” John W. Thompson, a partner at Lightspeed Venture Partners, notes in the foreword of *What’s Next For You*.

These short timelines deserve attention because of how they fit into the 40-to-50-year span of the average person’s career. A 10-year lifespan for technology changes means that today the average professional will need to readjust their expectations and reskill four to five times during their career.

In some fields, the demand for reskilling occurs even faster, with skills becoming obsolete in five years or fewer, Garg and Ahluwalia write.

Less Time, More Data

As time compresses, growing companies will need more information to ensure they hire the right people. For instance, as Garg and Ahluwalia note, to find the right talent, companies need a candidate pool that is 200 to 250 times larger than their employee pool.

This number becomes even more daunting as the business grows. By the time your company employs 10,000 people, your candidate pool needs to contain 2 to 2.5 million potential hires.

Even the most skilled and driven human resources professionals cannot stay on top of 2.5 million profiles. To meet this challenge, human resources teams will need tools that can analyze a vast number of data points. Effective analysis provides meaningful insights into the candidate pool as a whole as well as the potential of individuals.

The skills needed for the future of work will certainly be technical, in many cases, and also will vary by industry, geography, company strategy, and other factors. Each company will need to do its own benchmarking and planning to peer into its future.

Thus human resources teams, including talent acquisition, need new technologies and the skills to use these technologies as much as any other department. They will need the ability to select candidates based on their future potential, because hiring for past skills will be a poor predictor of future success in a world of time compression.

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Diversity isn't just good ethics or good marketing. It's essential to a company's bottom line.

In research performed in 2014, McKinsey⁴ found that companies in the top quartile for executive gender diversity were 15 percent more likely to demonstrate above-average profitability than companies in the bottom quartile. By 2017, this gap had expanded to 21 percent.

Companies with higher ethnic and cultural diversity among leadership also outperformed their less-diverse peers. Companies in the top quartile for ethnic and cultural diversity among executives in 2014 were 35 percent more likely to outperform their industry's average financial returns than companies in the bottom quartile.



4. Hunt, Vivian, Dennis Layton and Sara Prince. "Why Diversity Matters." McKinsey. Jan. 2015. <https://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>

Fighting Bias to Build Diversity

The business case for diversity is increasingly clear, but companies still struggle to hire skilled candidates from a diverse range of backgrounds.

Implicit bias, also known as unconscious bias, drives the continuing struggle with diversity. Unconscious bias includes habits like instinctively preferring people whose backgrounds or characteristics seem familiar to us (known as “affinity bias”) or relying too heavily on one piece of evidence or one personality trait in making our decisions (known as “anchoring”).

Candidate resumes, cover letters and applications are packed with information that may trigger one or more unconscious biases, Glen Cathey, head of digital strategy at Randstad, notes in *What’s Next for You*. For instance, a person’s name may provide clues as to their gender, race or ethnicity. Other resume clues can reveal where they went to school, whether they’re a recent immigrant, and how old they are.

All these clues start to build a picture of the candidate in a hiring manager’s or HR professional’s mind. And that picture is susceptible to that person’s unconscious biases. “It would be foolish to think that people don’t have some degree of unconscious bias going on when reviewing resumes and profiles,” Cathey says.

This bias isn’t always harmful to the candidate at issue. For instance, a hiring manager who thinks highly of a particular university may assume a candidate from that university is more likely to succeed on the job than candidates from other schools. But the bias remains problematic because it bases the hiring decision on the hiring manager’s personal affinity for a university rather than on the fit between the candidate and the job.

The Value of Inclusion

Improving diversity in recruitment means looking at who is being recruited, hired and promoted, as well as what data points are tracked in order to understand who is included or excluded at each stage of the hiring process.

But improving these data points isn't enough for meaningful change, says Jennifer Brown, author of *Inclusion: Diversity, the New Workplace, and the Will to Change*⁵. Instead, companies must embrace not only diversity but inclusion, as well.

"Inclusion is the behaviors that welcome and embrace diversity," Brown says. "If you are a great leader for inclusion, you have figured out how to embrace and galvanize diversity of voices and identities."

Leaders who struggle with inclusion, by contrast, tend to have workers who feel as if they have to hide, edit or curtail parts of themselves in order to be accepted by their work teams. A Deloitte⁶ study explores the concept of "covering," or hiding parts of one's personality, culture or history in order to avoid interpersonal friction at work. The Deloitte researchers found that 83 percent of LGBT individuals reported covering at work, while 79 percent of black workers and 66 percent of female workers did.

When workers feel the need to cover, both they and their companies suffer. "It means that [these companies are] not innovative," says Brown. "We're not coming up with the best products and services because so much of the workforce is afraid that they can't be their full self."

5. Quoted in Arruda, William, "The Difference Between Diversity and Inclusion and Why It Is Important to Your Success." Forbes, 22 Nov. 2016. <https://www.forbes.com/sites/williamarruda/2016/11/22/the-difference-between-diversity-and-inclusion-and-why-it-is-important-to-your-success/#1c0570cd5f8f>

6. Deloitte. "Uncovering Talent: A New Method of Inclusion at Work." 6 Dec. 2013. https://www.lclldnet.org/media/mce_filebrowser/2014/09/24/Uncovering-Talent-LCLD-Presentation-KYoshino.pdf

How Diversity and Inclusion Work Together

Inclusion is essential to success in diversity initiatives. Without inclusion, even a diverse leadership team may struggle to cultivate the next generation of talent. Leaders may feel at a loss to mentor or guide workers, even when both share common cultural or other traits.

For example, researchers Laura Sherbin and Ripa Rashad⁷ note how one study on sponsorship and multicultural professionals found that 41 percent of senior-level African-Americans feel themselves obligated to sponsor younger African-American staff members.

This desire to mentor and support younger workers, however, doesn't translate to practice when an organization's inclusion efforts are lacking. Although 41 percent of African-American business leaders want to sponsor up-and-coming African-American talent, only 21 percent of these leaders actually step into the role of sponsor.

"Sponsors of color, especially at the top, are hobbled by the perception of giving special treatment to proteges of color and the concern that proteges might not 'make the grade,'" say Sherbin and Rashad.

It's not only existing staff members who may find themselves hindered by a lack of inclusion. Candidates increasingly demand inclusive work environments before they'll accept a job offer, as well. Millennials and Gen Z workers are particularly insistent on inclusion.

"They've grown up in a global online world," Brown says of millennial workers. "When you think about the access to information that they have, the expectation of transparency, the way that they've been celebrated also for their uniqueness by their parents: all of that leads to valuing of themselves."

The challenge for companies is to connect with that inner value in an authentic way to prevent bias, embrace diversity, and put themselves in position to capture the financial benefits of diversity and inclusion.

7. Sherbin, Laura and Ripa Rashid. "Diversity Doesn't Stick Without Inclusion." Harvard Business Review, 1 Feb. 2017. <https://hbr.org/2017/02/diversity-doesnt-stick-without-inclusion>



New problems require new solutions. As the digital age presents new ways of doing business and connecting with talent, traditional methods of retaining and cultivating talent simply no longer work. Many companies today are seeking a broad digital transformation of their approaches to human resources.

“If you win the war for talent, you win the business war,” Aubrey Blanche, global head of diversity and belonging at Atlassian, argues in *What’s Next for You*.

Companies throughout the world are scrambling to keep good talent as they grow. “The only way to cope with that change and keep your talent bar high is to do it through some kind of technological augmentation,” Blanche says.

Retaining talent also requires a better understanding of what your existing staff members want.

Candidate Mobility Presents a Challenge

In a study conducted with Harris Interactive Research in 2018⁸, Eightfold discovered that 56 percent of candidates have changed jobs in the last three years. Another 84 percent are looking for a new position.

Meanwhile, two-thirds of CEOs and CHROs said retaining talent was difficult. Furthermore, nearly three-quarters of that group said finding talent was also a struggle.

Why is it so difficult to find talent? One reason is the reliance on outdated methods of reaching out to candidates.

As Garg and Ahluwalia note, only about 5 percent of applicants for any given job posting are actually qualified. Often, that's because jobs are posted in the wrong places, are described in the wrong terms, or otherwise fail to connect with job-seekers whose skills and experience are legitimately compatible with the position.

These numbers sound like bad news to companies already facing high turnover costs and recruiting struggles. However, candidates

who want to change jobs don't always want to change employers. Tools that allow them to discover, plan and execute career paths within the organization can help ensure that talented people won't jump ship for opportunities elsewhere.

"The difference between today and 10 to 20 years ago is that it was frowned upon for people to change jobs on a frequent basis," Don J. Robertson, chief human resources officer at Northwestern Mutual, says in *What's Next for You*.

"When I first came out of school, it was, 'why did you change jobs?' If you didn't stay in a job at least five to 10 years, people would look at you differently, and it was something as a candidate you'd have to overcome."

Today, moving between jobs is far more common. Increased worker mobility, however, means higher turnover costs and a lack of stability for companies, which find positions being filled by a new person every few years.

8. "Talent Intelligence & Management Report 2018." Eightfold.ai. http://pages.eightfold.ai/rs/278-NXO-307/images/Talent_Intelligence_and_Management_Report_2018.pdf

People Will Go Where They Find Work Most Meaningful

Meanwhile, many workers look for new jobs not because they want to leave the company, but because they believe they have no choice if they want more meaningful work.

Eightfold and Harris Interactive's *Talent Intelligence and Management Report 2018* found that 83 percent of employees want a new role, but not necessarily a new job. To find this new role, 47 percent of top talent will leave their current employer within two years.

It's not that employees want to leave their companies. They want to leave job responsibilities that no longer offer a challenge or room for growth. When their current role no longer feels meaningful, employees will seek a role that does — even if they have to leave the company to get it.

The digital transformation of work presents new challenges for employee retention. Fortunately, where digital transformation has created new problems, it can also offer new solutions.

“ It's not that employees want to leave their companies. They want to leave job responsibilities that no longer offer a challenge or room for growth. ”

Companies that embrace new human resources technologies do so because the three critical challenges outlined above already weigh heavily on their minds. Those challenges also weigh on their companies' ability to respond to talent challenges.

Meet Eightfold

Eightfold's Talent Intelligence Platform enhances a company's ability to create efficiencies and eliminate bias through digital transformation. It does so by focusing on the actual behavior and career trajectories of real candidates and employees, allowing both workers and their companies to better understand the factors inherent in career success.

"Many of our current legacy applications were built for the company — not for the employees or candidates," John W. Thompson writes in *What's Next for You*. "Eightfold is finally providing an Artificial Intelligence or AI-powered platform that allows the individual — Millennial, Gen X or Gen Y alike — to map out their careers, learn new skills and grow with the company."

Eightfold takes a laser-focused approach to the recruiting and talent cultivation aspects of human resources. By focusing the power of artificial intelligence on recruitment, diversity, career planning and retention, Eightfold allows companies to better understand their employees within the context of the workforce as a whole.

Eightfold and SAP share a common vision of the future of work, diversity, and retention. By embracing Eightfold's Talent Intelligence Platform and SAP SuccessFactors, companies can meet the core challenges listed above in three ways:

- By improving efficiency.
- By embracing diversity and inclusion.
- By undertaking talent transformation as a necessary step to digital transformation.

How SAP SuccessFactors Customers Can Futureproof HR and Recruiting

Companies need to know which skills workers will require to succeed in the future, and they need to know that the candidates they consider really have the required skills.

Artificial intelligence helps executives, HR teams, and recruiters answer these questions, creating new efficiencies in the hiring process.

For instance, AI can weigh in on every current and past candidate with automatic profile enrichment. Eightfold's system:

- Updates past profiles with current information.
- Combines publicly available data and AI analysis of profiles to provide context, such as the number of years of relevant experience for a particular job, fast career advancement, and inference of skills.
- Suggests candidates who are most likely to thrive in a particular position by comparing candidates' skills and experiences with the career path of successful professionals who preceded them.

Recruiters see each candidate in the context of their own career and of the changing landscape of work, without having to do hours of research just to get a partial understanding of what factors may make a candidate successful in a role.

AI-enabled systems provide a way to stay on top of rapidly growing numbers — of candidates, of jobs, of skills, and of experiences. AI can not only understand significant volumes of data, but it can also reveal patterns and deliver recommendations based on what it discovers.

When combined with SAP SuccessFactors Recruiting, the Talent Intelligence Platform makes its suggestions and analyses using the vast amount of career data a company stores.

Putting the management of such data in the hands of artificial intelligence means better analysis, as well. "Recruiters using Eightfold report 90 percent less time spent on sourcing, but report up to seven times higher response rates," Garg and Ahluwalia write. "That's the kind of ROI that can move the needle in terms of meeting your goals and create meaningful change for employees."

These capabilities help prepare organizations for the changes they will encounter next in an ever-shifting world.

How to Make Good on Your Company's Best Intentions

Diversity and inclusion impact a business's reputation as a great (or not-so-great) place to work, and they impact a business's bottom line. Human resources professionals know that diversity and inclusion are good business, too. Nearly all want to overcome both conscious and unconscious bias in order to make hiring decisions based on clear, meaningful criteria that directly impact job performance.

Despite these good intentions, not everybody knows where to start making the necessary changes. What's more, bias may be inseparable from the elements of the human brain that help us discern differences, collect environmental clues and protect ourselves from real danger. Artificial intelligence offers one promising way to eliminate bias in order to facilitate better decision-making.



Reaching Diversity and Inclusion Goals

Achieving diversity and inclusion goals in today's work environment requires each company to set its goals, enforce its policies, measure its progress and be transparent throughout. Eightfold makes this possible.

To do this, Eightfold's Talent Intelligence Platform provides:

- Candidate masking that hides all evidence of age, gender, ethnicity, and educational background from hiring decision makers.
- Embedded diversity analytics that allow companies to find and correct undesired hiring trends in near real-time.
- Unbiased AI models that use Equal Opportunity Algorithms methodologies to ensure every prediction does not consider age, gender, or ethnicity—even if a company's historical hiring and retention trends exhibited unequal outcomes.

Candidate masking and the continuous monitoring of diversity performance help companies meet diversity and inclusion goals without falling prey to unconscious bias. Equal Opportunity Algorithms ensure that AI does not introduce any algorithmic bias.

Skills-based evaluations have an added benefit, as well: They allow employees to trust that the recommendations and platforms they use are equitable, creating a sense of inclusion where none may have existed before. Digital transformation thus can empower both human resources professionals and the employees they serve.

Make Time to Improve Diversity and Inclusion

Artificial intelligence can also free up time for human resources staff to spend on understanding diversity and inclusion trends within their companies. This gives them the time they need to thoughtfully address undesirable trajectories.

“The keen executive takes that extra time and says, now I’m going to do fireside chats with my team,” James Kinney, director of people at Giant Spoon, notes in *What’s Next for You*. “Now I’m going to sit face to face with someone instead of emailing them. Now I’m going to say: what can I do to support minorities in the workplace? What can I do to support women in the workplace? Let me look at my salaries and see: are there disparities between women and men and what they’re paid in our workplace?”

For these and other questions, AI offers a positive answer. The right artificial intelligence, paired with the right platforms and the right intentions, can finally move the needle on diversity outcomes for businesses.

AI can sift job-irrelevant data points out of candidates’ profiles, eliminating the risk that these data points will bias an opinion of candidates. With more time and mental space, **recruiters** can focus on the most meaningful part of their job: Working face to face with people.

“ The right artificial intelligence, paired with the right platforms and the right intentions, can finally move the needle on diversity outcomes for businesses. ”

How AI Helps SAP SuccessFactors Customers Respond to the Demands of Talent

“Digital transformation” is a broadly used term.

Here, we think of it as the transformation in how human resources teams find and cultivate talent, as well as a transformation in how individual employees dream, plan and execute their ideal career paths.

In both situations, “digital transformation” includes the application of AI and similar tools to free up the time needed to focus on the human aspects of work.

With technology turning over every 10 years, most workers will need to reskill four or five times in their careers. Some may need to reskill even faster. “The average person’s knowledge base has a half-life of about four-and-a-half years, because the speed of technology is outperforming human capabilities,” Garg and Ahluwalia write.

As a result, your employees will need to be able to factor in reskilling as part of the career paths they envision for themselves. Your company will also need to factor in reskilling if you intend to retain the people you have for more than four-and-a-half years.

Eightfold’s Talent Intelligence Platform offers ways to transform the challenge of reskilling into employee and company success:

- When combined with SAP Career Site Builder, Eightfold’s platform creates a job discovery experience that helps companies connect to candidates in ways candidates find meaningful.
- Recommendations for internal mobility and career planning from the platform are based on each employee’s skills and experience. These recommendations can be used to build individual employee learning plans and career goals within SAP SuccessFactors Learning and SAP SuccessFactors Succession and Development. People will discover new ways to advance their careers without leaving the company.

The skills maps that Eightfold’s technology creates are based not only on your company data but also on information from a number of publicly available sources that cover a wide range of career paths and industries. This broad informational view provides a more nuanced understanding of the context of today’s jobs and industries, allowing employers and employees alike to better understand potential paths for career development.

Modeling Career Opportunities

When artificial intelligence is used to help model those paths and suggest opportunities, companies can offer their people real roadmaps for professional growth.

Cherrie McKinnon, Eightfold's director of event and field marketing, provides an example of how this could work in *What's Next for You*: "Let's say I have only been doing events my whole career, and then I think I can only get a job in events." While many people would assume it's simply too difficult to get a job in a field outside events, Eightfold's platform can highlight potential career paths based on how others who have started in events have gone on to grow.

"So to me, that's super exciting because I don't think people really necessarily think that way," McKinnon says. "They think, 'it's really difficult to change careers. It's really difficult, you have to start over.'"

When AI is used to help manage lateral movement in an organization, opportunities appear that would not otherwise have occurred to employees or their supervisors. These opportunities keep skilled talent with the company instead of convincing them they have no choice but to walk away.

"When we talk about career planning, we aren't just referring to just the next rung up on the same ladder," Garg and Ahluwalia write. "We're interested in probing what it means to have a meaningful career path."

The Future of Talent Management

As Garg and Ahluwalia note, employees don't always want to change employers, but they frequently want to change their jobs. When such employees leave, it's due to a lack of vision: Neither they nor their employers had the tools needed to envision the next steps on their career paths.

Eightfold and SAP SuccessFactors provide the tools companies need to realign hiring values and goals. With the support of artificial intelligence, companies can now use these tools to transform recruiting, envision meaningful career paths, and turn diversity and inclusion goals into a reality.

People don't look for more of the same with a new job. They look for what's next. Eightfold and SAP help companies get a clear answer to the question, "What's next?"



Eightfold delivers the Talent Intelligence Platform, the most effective way for companies to identify promising candidates, reach diversity hiring goals, retain top performers, and engage talent. Eightfold's patented artificial intelligence-based platform empowers enterprises to turn talent management into a competitive advantage. Built by top engineers out of Facebook, Google and other leading technology companies, Eightfold is based in Mountain View, California. For more information, visit www.eightfold.ai. Recently, Eightfold published its first book, *What's Next for You: The Eightfold Path to Transforming the Way We Hire and Manage Talent*.

