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DERISKING NEW HIRE TRAINING

A NEW TALENT MODEL

/ DR. JEFF FREY + NICOLE DURHAM /

Emily, 22 years old, has just completed her bachelor's degree in computer science and hungers to work as a user experience (UX) developer. Despite earning top grades from a reputable university, she struggles to draw a direct link between her coursework and the technical and soft skills required in UX job postings. She does not have relevant professional experience, and no company gives her an opportunity to prove her skills. She considers boot camps that offer intensive training and tantalizing statistics about potential job offers, but they cost tens of thousands of dollars and are typically ineligible for most forms of financial aid. She cannot afford to take on more debt. Emily has no pathway into an industry that is desperately searching for people like her.

Prior to COVID-19, the U.S. was creating 200,000 net new IT positions each year and many more not classified as IT. The dramatic pace of digital transformation has triggered an urgent problem for employers. There is a large—and growing—gap between the number of individuals with in-demand skills and the need for talent. Some of the most pressing shortages include technologists with both the expertise to understand business needs and the digital skills to address them: programming, data management, data visualization, integration, automation, and security.

In these evolving times, public and private companies and organizations have an incredible opportunity. The acceleration of digital transformation is revolutionizing how they engage with their customers and constituents. It is making old business models obsolete while establishing and entrenching new ones. The growth and evolution of the internet, cloud and mobile computing, and access to data are creating a massive shift. Everything from manufacturing to business processes and from customer engagement to product delivery is being reinvented.

The problem is the pace of digital transformation far exceeds the pool of available talent with the requisite skills. There simply is not enough supply in the market to provide organizations with access to the resources they need. In

some cases, tech stacks are merely months old, and even the best education, training, and workforce ecosystem in the world would be hard-pressed to keep up.

Historically, there were options to bridge the skills gap. One such option was widely used across the technical landscape for years: bringing in talent from outside the U.S. through work visas. Through H-1B and other programs, companies would import tens of thousands of technologists from foreign countries to bridge the supply gap. Because of rapidly growing needs and new restrictions on work visas, this is no longer a sufficient bridge for most companies. There is a better solution: People in the U.S. have the potential to thrive as technologists if given the right training.

We must transform how we approach workforce development in technical industries. Talent Path offers a model in which rethinking incentives and risk can create a self-sustaining pathway for people from diverse backgrounds to launch successful careers as technologists.

ENERTIA'S QUEST FOR TALENT

Enertia Software, a Midland, Texas software solutions developer for the upstream oil and gas industry, needs qualified technical talent to survive. Enertia attempted to address this need by hiring qualified employees with years of experience doing comparable work. As the company grew, there were simply not enough such people available—and those who were available were expensive. Enertia realized that any sustainable, long-term solution would require incorporating inexperienced technologists who could grow with the organization. Enertia needed strong technical chops—and talent with the soft skills to communicate effectively to understand client needs.

Enertia also sought diversity. The business case for hiring



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diverse employees is well established: Companies with a strong, measurable commitment to diversity are 35% more likely to have financial returns above their industry averages, according to research from McKinsey.¹ But, while the benefits are clear, creating a hiring process that brings in diverse candidates is not easy.

THE FAILURE OF TRADITIONAL MODELS

Driven by the increased cost of a bad hire—which can add up to six figures—and high entry-level churn, many employers have gotten out of the business of training individuals who are new to the industry, strongly preferring candidates who are ready to be productive on day one. The resulting “hiring friction” is a major explanation for millions of unfilled jobs at American businesses.

Despite the evident need, employers feel unable to take risks on new training and preparation programs with hefty price tags and unknown results. Employers also worry about investing heavily in training only to see early-career employees quit and take those newfound skills to another employer that does not need to pay for the cost of their training. There is a clear need for a new model.

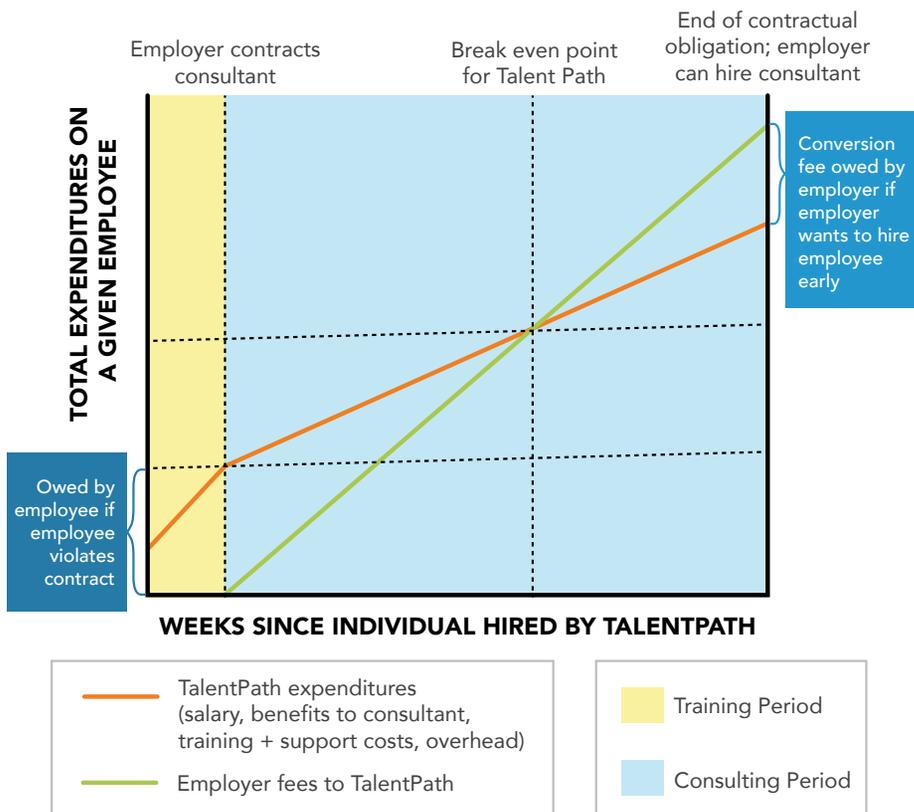
¹ Vivian Hunt, Dennis Layton, and Sara Prince, “Why Diversity Matters,” McKinsey & Company, January 1, 2015, www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters.

TALENT PATH: AN INNOVATIVE TALENT SOLUTION

Talent Path offers a different approach to the training provider, individual, and employer relationship: a single-stop solution to hiring, training, and development needs for technical positions that assumes much of the risk typically borne by individuals and by employers. Talent Path functions as a staffing firm contracted by employers to identify, prepare, and develop individuals to meet talent needs. It is a division of Genuent, one of the nation's leading technology staffing and solutions firms.

/ **FIGURE 1** /

Financial Structure of Talent Path



The basic model, as illustrated in Figure 1, is as follows:

- 1. Selection and hiring:** Talent Path conducts a rigorous process to identify individuals like Emily—aspiring technologists with potential to excel in a technical role. It customizes the selection process to meet the needs of individual employer partners and focuses on selecting women and people of color such as Emily. Selected candidates enter a two-year contract with Talent Path.
- 2. Training:** From the first day of training, Emily earns a salary and benefits. The 12-week training program is intensive and customized to the needs of employers in the areas of business, emotional intelligence, and a specific tech stack utilized by the employer so that Emily can be productive from the start. Talent Path invests \$30,000 in Emily during the training period.
- 3. Placement as consultants:** At the completion of the training program, Talent Path places Emily in a full-time role with an employer such as Enertia as a consultant. Talent Path continues to provide coaching and support to address skill gaps and troubleshoot any issues that may arise. Emily remains on Talent Path's payroll, earning full benefits and a starting salary that is well above a living wage but less than she would earn as a full-time employee at Enertia. If for any reason the placement is not a good fit, Emily returns to Talent Path's "bench" and continues to earn a salary while Talent Path helps her find a new placement.
- 4. Repayment of investment:** Enertia compensates Talent Path at an hourly rate higher than the cost of the hourly salary (plus benefits) that Talent Path pays to Emily. The company is still paying less than it would for the more senior person it would have hired otherwise (assuming it could have found such a candidate—which, for many tech

stacks, is a major assumption). Assuming Emily meets Enertia’s needs and expectations, over the course of the contract Enertia repays Talent Path’s initial investment in Emily’s preparation, and Talent Path earns a profit.

5. Fulfillment of contractual obligations: Once Enertia has completed its contract, Enertia hires Emily directly. If Enertia wants to hire her before her commitment to Talent Path is complete, the company can pay Talent Path a conversion fee to do so. If Emily quits prior to the completion of her contract, she owes Talent Path at least part of the cost of her training.

SELECTION AND HIRING

Talent Path’s selection process uncovers hidden talent in people who might otherwise be overlooked—and unlocks and accelerates that talent by taking a risk on training them.

The organization identifies high-potential people who are technically adept but in need of additional training and preparation in the form of “last-mile training.” Talent Path sources its apprentices from university partners like the University of Houston, which markets the opportunity to recent graduates from science, technology, engineering and mathematics (STEM) majors as well as other programs



By targeting groups traditionally underrepresented in technical fields, Talent Path can help address both a social problem and unmet business demand.

of study. Sourcing individuals online, Talent Path also seeks to attract veterans and career changers in addition to recent graduates. The organization looks for promising skills and backgrounds and seeks to hire a disproportionate mix of people of color and women, people whose talents have historically been overlooked or minimized. By targeting groups traditionally underrepresented in technical fields, Talent Path can help address both a social problem and unmet business demand.

Talent Path works with clients to develop and customize a multistage selection process that can involve in-person interviews and time in the office to get a picture of what the role would entail. It blends a technical and human approach to dramatically increase the likelihood of a good fit, an approach that helps achieve diversity and equity goals by highlighting the talents of historically underrepresented people. The selection process includes everything from validated assessments to group projects completed over Zoom with rapid cycles of feedback and evaluation.

After being selected, an apprentice signs a two-year contract with Talent Path. According to this contract, Talent Path commits to placing the apprentice—a commitment bolstered by the complete alignment of incentives (if Talent Path does not secure a placement, it loses its significant investment in the candidate). The apprentice commits to learning as much as possible, participating with good faith in interviews, and seeking to be a model employee. Apprentices earn while they learn, paying nothing upfront and receiving a salary from day one.

TRAINING

Like a traditional apprenticeship, Talent Path provides last-mile training on the specific digital skills, business knowledge, and soft skills employers are seeking, resulting

in reduced hiring friction and cost for employers. Its basic curriculum combines in-demand technologies, digital tools, consulting skills, and business communications. Talent Path also collaborates with each employer to create custom modules that help trainees develop the specific competencies necessary for success with that employer. Talent Path reverse-engineers the ideal entry-level employee for each client, focusing on technical chops and cultural integration.

The typical training duration is 12 weeks, varying based on client requirements. Talent Path encourages client partners to be as involved as they want to be, whether it's interviewing candidates before they even enroll in training or leaving sourcing and placement decisions to Talent Path. Upon completion of training, the apprentices become consultants, and consultants are placed with employer partners on critical projects and initiatives. In the case of Enertia, consultants created dashboards, set up automation communication based on data triggers, created input forms with validation, and tested business analyst workflows.

Elvis Alvarez reflects on his experience during training: "My technical skills were at an elevated level, but my soft skills [could be improved.] I [also] had a vigorous fear of public speaking. After going through a three-month immersive technology training program at Talent Path, I have overcome that fear. Due to the limitless amount of practice and all the honest feedback from my colleagues, my soft skills have comprehensively improved. After our focus on data science and visualization tools like Power BI and Tableau, my technical skills [improved as well]."

Talent Path partners with digital credential leader Credly so that trainees can earn badges that certify the skills they have mastered. "The tech skills Talent Path develops, from data visualization to app development, are among the most



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in-demand skills today," said Jonathan Finkelstein, founder and CEO of Credly. "By providing digital credentials to its certified consultants, Talent Path is clearly demonstrating the skills a new consultant has learned, in a way that can be quickly validated."²

Talent Path recognizes that not every hire will be the right fit for a given company and uses the training period to assess potential fit to maximize placement success. If Enertia contracts with Talent Path to fill 15 positions, Talent Path hires and trains 25 apprentices. As the training progresses, Talent Path assesses which of these individuals appear to be the best fit for the employer. Talent Path presents 20 candidates to Enertia, and Enertia selects 15. Talent Path then seeks other placements for apprentices not selected by Enertia.

PLACEMENT AS CONSULTANTS

Talent Path embraces the approach of "Try before you buy." When a new consultant begins with an employer, that employer has invested nothing in the individual's selection or training. The employer begins compensating Talent Path on an hourly basis for an individual who is prepared to hit the ground running. Once placed with an employer, Talent Path continues to mentor and upskill consultants. In the case that the employer finds that the individual falls short

² Mayuri Chaudhary, "Talent Path Announces Partnership with Credly," HR Technologist, February 27, 2019, www.hrtechnologist.com/news/learning-development/talent-path-announces-partnership-with-credly.

in a particular domain, Talent Path offers additional training and coaching targeted at closing the skill gap.

No matter the process or preparation, some hires just don't work out. If an employer is dissatisfied with something like an aspect of culture fit, it can ask at any time to replace the employee. This process provides a rare guarantee to employers that dramatically cuts the costs of turnover. Talent Path bears the downside risk for employers, which allows them to take on and test out employees who otherwise might not be considered.

In the event that a placement does not work out, Talent Path rematches the consultant with another employer if possible. If the consultant's performance renders them ineligible for a subsequent placement, Talent Path terminates the contract, and the trainee owes nothing.

From the start, Talent Path has been committed to a self-sustaining model that does not require ongoing government or philanthropic support. By building such a model, the agency has the potential to scale rapidly to meet the profound needs of both individuals and employers.

WIN, WIN, WIN

Experience to date indicates that most Talent Path contracts terminate with the individual successfully completing the two-year employment period. At this point, the employer



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often hires the consultant directly for the same role or a more senior position. This opportunity is a distinguishing feature of Talent Path's model, as opposed to that of other consulting firms, which often prohibit clients from hiring their consultants for several years following the engagement. In other words, a pathway to employment at the client is a "feature" rather than a "bug" or a hindrance of the Talent Path model.

In the event that an employer wishes to hire a consultant still under contract with Talent Path, the employer can buy out the contract. In this situation, Talent Path's net profit is equivalent to that of a complete contract. This outcome is also a success all around as the consultant transitions into permanent employment and the employer retains (and often promotes) the new employee.

LOOKING FORWARD

While it is still early and completion data is limited, Talent Path is already inundated by requests from employers ranging from local companies to some of the best-known names across a range of industries. Perhaps most significantly, employers that have worked with Talent Path keep coming back.

Talent Path represents the future of hiring. With so many companies flooded with lackluster resumes and a broken market for entry-level hiring that is full of friction, employers are eager to outsource hiring risk to a partner expert in sourcing, screening, and custom-training new talent. The fact that Talent Path remains the employer of record for two years provides security for both candidate and employer during the most risky and unpredictable years of an employee's career.

Together, Talent Path and Enertia are building a world in

which employers can tap into new sources of talent without fear—and promising candidates can upskill without taking on debt. We are hopeful we can help close the widening gap between producers and consumers of talent.



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Nicole Durham is a director at Enertia Software, instrumental in the branding, marketing, and relationship development of the industry's leading enterprise resource planning (ERP) system. She has been a creative innovator for over 24 years in a variety of structural development roles, specifically in the oil and gas and financial sectors.



This chapter came from the book *Workforce Realigned: How New Partnerships are Advancing Economic Mobility*.

Learn more at workforcerealigned.org