

“Beyond Employment: Human Capital in the Cloud”

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The world of finance and business is abuzz with the potential for the “cloud” of online data to fundamentally alter commerce and the rules of competition. Most business leaders consider the impact of the cloud on consumer research, data security, and the ability of users to purchase and access necessary data and applications through the internet, using any available platform – What you need where and when you need it.

Business leaders should also heed a similar evolution in the world of human capital. Your most pivotal human capital in the future may not even be your own employees.

A recent article published in *Nature Structural & Molecular* biology listed these four authors first: Firas Khatib, Frank DiMaio, Foldit Contenders Group, and Foldit Void Crushers Group (<http://www.nature.com/nsmb/journal/v18/n10/full/nsmb.2119.htm>). The “Foldit Contenders Group” and the “Foldit Void Crushers Group” were teams of online gamers playing a game called Foldit. The gamers solved in three weeks a thorny retrovirus enzyme structure problem that had eluded scientists for years. The solution will have significant implications for the treatment of diseases like AIDS. This human capital was not employed by the firm. The gamers were independent players who were not even compensated for their contributions by the organizations that will use the breakthrough to develop new drugs and other treatments.

O-desk creates a virtual network of experts ready to address a wide variety of tasks and projects (<https://www.odesk.com/w/about>). Again, the human capital of O-desk is not held together by the traditional employment relationship. The organization facilitates connections between consumers with project and those with the skills to address them. Your organization probably already farms out some of its projects involving web page design and development, software development and perhaps even routine accounting through such networks. These workers never show up on your payroll system.

The implications are not limited to routine tasks nor even technical specialties. Can your organization provide all the challenges needed to create the leaders with the broad experience you need in the future? Increasingly, a dynamic competitive environment means that the challenges you face today will be very different from those you face tomorrow. Yet, other organizations may have leadership positions today that embody precisely those challenges. Could many different organizations team up using the human capital “cloud” to collectively create leaders for the future?

Khazanah, the strategic investment arm of the Malaysian government, provides a national leadership development process that spans organizations. Their innovative idea was: *Why not transfer people between companies as a way to accelerate their development?* The heart of this notion is the recognition that the best learning often comes from challenging assignments. Yet, any one organization may not have enough challenging assignments to go around. Consider for a moment how much someone from a senior role in automotive might learn from a stint in an airline or what an experience it would be for a leader from a stable utility to be thrust into a management role in the world of high tech. By facilitating a leader exchange, Khazanah could have a huge impact on the development of high potential leaders in Malaysia.

Khazanah has stakes in 50 businesses in a wide range of strategically important industries including agriculture, technology, utilities and automotive. The mission of Khazanah is not merely to invest in these businesses but to help enhance the management of the companies in a way that will ultimately benefit the whole nation. Khazanah’s Orange Book initiative seeks to strengthen leadership development in Malaysia. The initiative extends beyond the companies Khazanah invests in, thanks to the support of other government-linked investment companies such as the Employees Provident Fund, the Lembaga Tabung Haji, the Lembaga Tabung Angkatan Tentera and Permodalan Nasional Berhad. Twenty companies participate in the Orange Book initiative, nine of which are owned by Khazanah. The underlying belief is that by working together the organizations can do a better job of developing leaders with the different skill sets required for alternative business conditions than any single organization could do on its own.

Your annual planning and budgeting processes likely pay great attention to forecasting the supply and demand of individuals to fill positions in your organization, and you probably spend time developing succession plans that map development experiences for your leaders. Yet, all these approaches assume that leadership and human capital will be built through an employment relationship – that your future human capital will be contained among your employees.

Can your planning systems embody the “cloud” of human capital in the same way that they embody the cloud of data and software? The human capital “cloud” may hold your greatest opportunities.

You can read more about the Khazanah case in “Transformative HR,” by John Boudreau and Ravin Jesuthasan, published by Wiley & Sons (<http://www.wiley.com/WileyCDA/WileyTitle/productCd-1118036042.html>)

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