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# Should You Outsource Unique Talent?

John Boudreau

Professor, USC Marshall School of Business

What is the most pivotal work your company does? Breakthrough innovation? High-profile clients? Big-picture strategy? Patent protection? Typically, such work requires skills that are both unique and valuable.

Common wisdom — and some human capital theory — holds that organizations should always engage unique and pivotal talent by hiring regular full-time employees, so they are both readily available and protected from competitors.

But  maybe time to rethink the standard. The traditional way of working with unique and valuable talent is being challenged by emerging work

arrangements that go **beyond employment**. Today, the decision between hiring and outsourcing talent depends not only on whether the talent is unique, but also on the *type* of uniqueness.

## The Traditional Argument: Hire Valuable Talent (Unique or Not)

A widely cited **article on human resource architecture** by David Lepak and Scott Snell defined two dimensions of human capital: (1) "uniqueness" and (2) "strategic value."

For talent with high strategic value and high uniqueness, Lepak and Snell recommend organizations rely on long-term employment and development. For high strategic value and low uniqueness, they tout "job-based employment to perform predetermined tasks." For talent with low strategic value but high uniqueness, they recommend alliances. It is only for talent with low strategic value and low uniqueness that they promote outsourcing — which echoes traditional employment-focused HR practices.

However, looking a bit deeper reveals hidden value in outsourcing. In "**Lead the Work**," my co-authors and I show that talent networks, professional services organizations and outsourcing platforms have evolved from simple job matching services to sophisticated work ecosystems. You can increasingly look beyond employment to find unique workers who can perform pivotal work. In addition, those unique workers may prefer project-based engagements to working full-time — freelancers in the **gig economy** offer increasingly varied talent options.

So, how should you decide whether to employ or outsource talent? It requires an understanding of the different kinds of uniqueness.

# Talent Is Unique In Different Ways



Human capital can be "unique" in two ways: (1) unique to your specific organization or (2) unique to your specific industry. Let's say your company is applying for a patent for a new product: A patent lawyer with *organization-specific uniqueness* would be an expert in patents affecting product lines or technologies unique to your company. On the other hand, a patent lawyer with *industry-specific uniqueness* would be an expert on patents relating to products and processes throughout your industry, across many companies.

It may be best to hire the *organization-specific unique* patent lawyer, but to outsource the *industry-specific unique* patent lawyer.

Why? **Research** by Kyle Mayer, Deepak Somaya and Ian Williamson suggests that an external law firm can offer many more opportunities for lawyers to hone their skills industry-wide, because the law firm can be the outsourced provider of work to many individual companies and can afford to compensate industry-specific unique lawyers highly.

The same thing is true for talent platforms — they can attract the very best of the best in industry-specific areas such as graphic arts or software coding.

## Deconstruct Jobs to Reveal Uniqueness Opportunities

Following traditional logic, a company might hire a worker with industry-specific uniqueness, but such full-time employment can  reduce those skills. Indeed, *not employing* industry-specific talent  the best way to keep their skills finely honed.

Returning to the patent lawyer example, a lawyer at a single company will likely spend time on work that is not related to their industry-specific skills, compared to lawyers that work more consistently on industry-specific projects. Supporting this, Mayer, Somaya and Williamson found that companies often outsource industry-specific legal work, particularly in highly-litigated areas. So, before you assume you must hire unique talent, consider outsourcing for highly skilled and pivotal work.

HR leaders must equip their organizations to deconstruct work, look *inside* the "job," and think about what type of unique talent is needed. By "**deconstructing**" **typical work systems**, leaders will find new uses for outsourcing and build a smarter talent structure.

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