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Tech Balance - The Model for Future Success

The world's love affair with tech companies is at a turning point, and we shouldn't be surprised. For an industry that thrives on personal data and being an integral part of our lives, it was only a matter of time until tech experienced some blowback.

Firms that were once the darlings of the Digital Age now find themselves on the defensive regarding privacy, security, competition and other wide-impact issues. Governments are issuing fines and increasing regulation. Shareholders are demanding greater social responsibility. And even employees are staging walkouts to protest company practices or products.

As if all that weren't enough, the usual market threats continue on. Game-changing innovation, which has been moving at an accelerating pace, is now intensifying as artificial intelligence (AI) and machine learning (ML) come into their own.

And maintaining a first-rate talent base is poised to become much harder. Tech-skilled resources are already very tight and will get considerably tighter, according to The World Economic Forum's Future of Jobs Report. The report estimates that 133 million new job roles may emerge as early as 2022. Most of these positions will require skills that are not widely available in the current workforce.

Clearly, the storied tech model for success is losing its viability. No longer is it enough to develop a great new product or service and push it into the marketplace. Instead, tech companies must take a more balanced approach if they are to thrive in the future.

We call that approach "Tech Balance," and it consists of three pillars.

Pillar One - Innovation

Disruptive innovation is what enables a tech firm to establish a market in the first place. But the speed of innovation also threatens a company's ability to compete, especially in the face of "born digital" startups. Without the encumbrance of older operations and IT systems, startups often have the nimbleness and the fresh thinking to seize market niches.

To stay ahead of the innovation curve, tech companies must assess their digital maturity and determine where they stand vis-à-vis the competition. Once they've made this assessment, they will be better able to deliver innovation across their own organizations and drive down costs.

Additionally, tech firms must re-think how they develop products and bring them to market. In both of these challenges - internal assessment and product development - innovation can also help. Through data mining, analytics and AI, a company can hone its capabilities and zero in on the functions and offerings that best exploit its competitive edge.

Pillar Two - Talent Strategies

To generate innovation a company needs great talent, but as noted in a previous blog, fielding top people from a tight labor market is only part of the problem. Talent retention is also a major factor. In a highly competitive industry, standout employees tend to be hired away like professional

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baseball stars before the trading deadline.

One particular challenge is right-sizing diversity within an organization. In the Responsible Technology series that we produced last summer, we reported that women account for fully half of the U.S. college-educated workforce but only 29% of science and engineering employees.

Given these constraints in a tight labor market, a tech company must take a number of measures to bolster its talent. These include outsourcing routine functions, shoring up its diversity profile, and developing retraining programs for the legions who will be displaced by automation. The key, however, is for a tech firm to make securing a robust talent base a defining part of its enterprise.

Pillar Three - Responsibility

We launched our Responsible Technology campaign because it is one area where tech companies have been glaringly remiss. Time and again, tech firms have made headlines over issues that could have been anticipated. Had they been more attuned to the feelings of stakeholders, had they investigated the potentially harmful effects of their technology, and had they fully considered the reach of regulatory agencies, they could have avoided a lot of bad outcomes - not to mention court trials and Congressional testimony.

In order to close this responsibility gap, tech firms need to recast their growth efforts within the framework of compliance and risk assessment. They also need to establish monitoring systems that can quickly elevate stakeholder concerns to the highest levels. These are not easy tasks as they require both operational and cultural changes. But from our experience, they are quite achievable. In fact, failure to do so will almost certainly damage the brand, as government scrutiny and public demand for corporate responsibility are definitely on the upswing.

Interplay of the Pillars

None of these three pillars, of course, represents a stand-alone area. All three are necessary and interdependent. A tech firm that has a strong reputation for corporate responsibility will attract and retain more talent. A flourishing talent base will go the extra mile toward developing cutting-edge technology. And cutting-edge technology will, in turn, build the brand, which will attract the talent, and so on.

It’s a virtuous cycle that any company would desire. More than that, it is fast becoming essential. As public scrutiny grows and the labor force tightens, tech balance will become the touchstone of success in the industry. Those companies that can build and strengthen all three pillars will thrive, while those that fail to achieve a healthy balance stand the risk of losing sizeable market share or being absorbed by their more successful competitors.