

Acqui-Hiring: A New Way to Hire the Best Talent

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To succeed in a rapidly evolving marketplace, many companies are adopting an increasingly popular strategy: acqui-hiring.

This approach—acquiring start-ups solely to recruit employees for their specific skills and team dynamics—helps organizations find the best-in-class talent they need to stay competitive.

Acqui-hiring effectively targets not only sought-after employees who often do not actively job hunt but also the start-ups that employ them—those companies with the right mix of innovative ideas, nimbleness, and opportunities that can attract even more of today's top talent.

Acqui-hiring initially became popular over the past few years in the technology sector, and it has since gained steam in other industries.

- Digitization, globalization, and access to venture capital (VC) funds have enabled entrepreneurs to start companies across different industries.

- Even traditional industries—such as oil and gas, retail, manufacturing, and pharmaceuticals—have seen a sudden increase in the number of start-up companies.

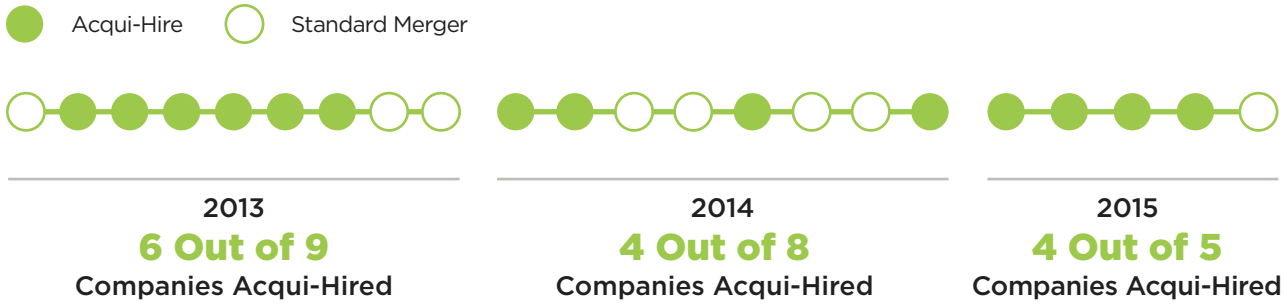
However, regardless of your industry, you now have the opportunity to evaluate and perhaps adopt this strategy.

If You Can't Hire Them, Buy Them

Simply put, acqui-hires are an M&A strategy with a talent-focused edge. Although an acquisition can happen for any number of reasons—including geographic expansion and product growth—acqui-hires occur with only one goal in mind: to bring best-in-class talent into a company.

In addition to boosting the talent pool with high-quality individuals, another major advantage of acqui-hiring is that it often brings in teams of people who have already proven that they can effectively work together, thus offering a significant competitive edge. Acqui-hiring is about hiring effective networks, not individual all-stars.

Example: Facebook's Rate of Acqui-Hiring Over Two Years



Source: CEB analysis.

One of the most active companies in this space over the past three years has been Facebook. It acquired close to two dozen companies from 2013–2015 to tap into top mobile and tech talent, as shown in the figure on the previous page. Other companies leading the acqui-hire charge include Facebook's Silicon Valley peers Twitter and Google.

Is This Strategy Right for You? A Possible Best Practice in the Making

The question for CHROs and their teams remains whether and how to apply this strategy to advance their companies' objectives.

Based on our findings and observations, we believe non-technology industries can adopt and adapt the acqui-hiring strategy to not only expand their current talent pools but also incorporate teams of skilled workers who will leverage their network to ramp up much more quickly than individuals without prior experience working together.

To find suitable acqui-hire targets for your industry, and to back up your decision with data, you will need to:

1. Understand emerging skills and anticipate demand for potential acqui-hires.

The global talent market looks much different than it did just five years ago. Regardless of industry, hiring for specialized

and new-age skills has risen exponentially, and that uptick has spurred an evolution of such skills with increased specificity within traditional knowledge worker roles. Take a look at the examples below to review some emerging skills and roles associated with sales and software/hardware development.

To understand your organization's needs for new-in-kind talent, consider prototyping future critical roles. Partner with your business stakeholders to identify business trends and clarify strategic priorities. Work back from these priorities to prototype future role requirements using job descriptions. In the job descriptions, identify emerging skill requirements for these roles as well as corresponding gaps within your organizational talent pool. Then look externally to see where these emerging skills are within your industry or markets, and estimate future industry demand to gauge the need to engage in acqui-hiring now.

2. Analyze "hot" start-ups and track VC investments.

Start-ups often have innovative products and attract the smartest brains in the market. However, they often lack cash and struggle to find additional funding to keep them afloat. As such, they view acqui-hiring as a great exit strategy to remain successful, and they are attractive to companies looking to tap into that top talent pool.

This start-up ecosystem is no longer unique to the technology sector, as we see start-ups in other industries as well. Tracking

Top Skills Associated with Outcome Sales

Understanding Social Hierarchy Within an Enterprise	Concept Ideation
Articulating Productivity Impact	Business-Driven "Day in the Life" Demos
Transformational Deals Design	

Emerging Roles in Software/Hardware Development

Computer Vision Engineer	Controls, Navigation, and Autopilot Engineer
Robotics Software Engineer	Live Video Specialist Engineer
LTE/CDMA Design	Information Security Specialists

Source: CEB analysis.

where and what investments VC firms are making in your area and industry vertical is another way to determine where skills and talent demands are emerging.

3. Use big data, big science, and big judgment.

The importance of big data might sound old, but the reality is that you need the right combination of insights, analytics, and best practices to align your talent needs with business strategy and to develop effective workforce plans. For this, you need accurate and timely external labor market data to make informed decisions. Organizations should look at metrics throughout the talent life cycle to make more robust, timely, and informed decisions. Critically, this intelligence needs to go beyond simply collecting demographic information.

The Next Step: Reevaluating Your Workforce Plan

As talent evolves, so should your sourcing and workforce-planning strategy. Acqui-hiring has emerged as a successful strategy to find and acquire top talent, and it can place CHROs in the driver's seat when it comes to M&A opportunity identification and deal discussions.

What HR needs is access to critical information about where specific skills are developing and where noteworthy start-ups are emerging. To initiate a productive acqui-hire conversation

for your most pressing enterprise objectives, start by asking your business unit leader or CEO these three questions:

- Given our evolving strategy, what emerging business capabilities and skill sets will we need?
- Related to our strategy, what start-ups are you most concerned about right now and why?
- What initial talent criteria should we use to monitor start-ups as possible acqui-hire targets?

Note: This article is contributed by CEB TalentNeuron™, an online talent market intelligence portal and big data workbench repository that enables HR to proactively engage in talent planning with the business on strategic talent needs. This powerful combination of data, insights, and a cutting-edge technology platform provides you with the location, talent, and competitive intelligence you need to reach your business objectives.

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